UNITED STATES DEPARTMENT OF
COMMERCE
John T. Connor, Secretary Washington, D.C.

Office of the Secretary

FOR RELEASE AT 1:00 P.M. CDT, FRIDAY, OCTOBER 1, 1965

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR PREPARED FOR DELIVERY BEFORE THE ANNUAL MEETING OF THE ILLINOIS STATE CHAMBER OF COMMERCE, PALMER HOUSE, CHICAGO, ILLINOIS, 1 P. M. FRIDAY, OCTOBER 1, 1965.

Having just landed at the world's largest airport in the world's largest rail center, which also happens to be the nation's greatest inland seaport, in the state which has the distinction of being, with a slight assist from its neighbor, the world's leading steel producer and, all on its own, the number one manufacturer of machinery, plus the Nation's center for both fabricated metals and commercial printing--and the candy capital of the world--I never cease to be impressed by Chicago and this great state of which it is the hub.

I understand, however, that Chicago, despite its long-standing reputation, is not the windy city. There are, I am told, at least 24 cities in the country which have a greater average wind speed than Chicago, including Peoria. I sincerely hope that my appearance here today will in no way alter that ranking.

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This is a real opportunity for someone whose primary assignment in government is to foster the continued growth and development of the Nation's business. I don't think I could find a better cross section of the American business community anywhere in the country. With 19,000 members from 8,000 companies whose products range almost literally from A to Z, you in the Illinois State Chamber constitute a sizable segment of the Nation's business leadership. The decisions you and your fellow Chamber members make have a profound influence on the economic well-being not only of this region but of the entire Nation.

This is America's heartland and due in no small measure to your enterprise, its economic pulse has never been stronger or more vibrant.

To cite just a few indicative examples of that strength, retail sales in Illinois last year were higher than in all six New England states combined. Per capita income of $3,041, almost $500 above the national average, was sixth highest in the Nation and up 5 per cent from the year before. Unemployment stood at a rate of only 3.4 per cent, more than one per cent below the national average.

You can all be proud of the economic performance of Illinois and of its stature as the fourth largest manufacturing state, the third largest exporter of manufactured products and the foremost producer of farm and construction machinery, paints and varnishes and radio and TV sets. If the Illinois State Chamber ever adopts a coat of arms, I think it should have emblazoned on it as its most distinguishing feature a big, bold Number One.

You can be proud, too, of the economic performance of the Nation as a whole. Illinois did not prosper in isolation from the rest of the country. We are now starting the unprecedented 56th month of expansion of our national economy. The input-output studies developed by the Department of Commerce, which show, in effect, how the spending of dollars in one place or industry influences spending in other places and industries, have given us objective proof of just how interrelated and interdependent our economy is.

You might say that, with economically-ordained enlightenment we all buy each other's bread. That is the fact. The money we earn producing for and supplying the needs of others we in turn spend to buy the goods and services of those others. With the beneficent, objectively moral dynamics of supply and demand continually expanding, we get an ever-broadening economic base that, quite simply, makes life better for more and more people.

Unlike underdeveloped countries, we don't have to worry about how to get this dynamic process going. Few would argue the fact that it is going very well indeed. Our immediate concern is to make sure it doesn't get thrown out of whack because of imprudence or carelessness on the part of any of those who exercise critical economic powers.

I am not referring to any particular group. The economic policies of business, labor, and government exert crucial influences in determining the durability of the present expansion. So each bears a full share of responsibility for its continuation on a sound and balanced course. Prosperity is the godchild of each. And each deserves credit for creating the reservoir of wealth which is characteristic of this time and place.

The economic record of the past 4 years and 8 months is proof that we are learning how to maintain the climate, the confidence, and the cooperation that generate continued economic expansion. We have come a long way in perfecting the mix of the ingredients that fuel balanced growth, rather than boom and bust -- a condition that is of constant concern.

Over these past 56 months, Gross National Product has grown by $162 billion, a remarkable increase of about 25 per cent in constant dollars. This sweeping advance provided nearly six million jobs, added $129.3 billion dollars to personal income -- a gain of more than 32 per cent -- and boosted corporate profits after taxes to $44.4 billion in the second quarter of 1965, up from $24.4 billion in the first quarter of 1961 -- a vigorous rise of over 80 per cent, which can be attributed, in no small part, to the investment tax credit, the reduction of corporate income taxes, and the reform of the depreciation guidelines.

But as every engineer knows, there must be a balance of the forces that contend for dominance in any system or structure.

As engineers of economic expansion, the first concern of all of us in the here and now is that we continue to maintain relative wage and price stability. There is a growing realization that it is impossible to raise the water level in one part of the pool without affecting the overall level.

My own experience at the White House during the steel negotiations made me proud that our free American system enabled an agreement to be reached on these vital matters without the costly and ruinous consequences of a national strike. True, the government participated

in the final innings. But this was not Government intervention in any objectionable sense. The collective bargaining process was given full rein. Both sides admitted freely that the Government presence was welcome and, indeed, helpful under all the circumstances involved In those tough bargaining sessions, both sides reacted responsibly to President Johnson's reminder that in the final analysis the national interest -- which is everybody's interest -- had to be the paramount consideration, and that no one's interest would be served by a strike that could have thrown our economy badly off stride.

This settlement in the steel industry will help us continue the record of the past four years and eight months, in which prices have been relatively stable, while wage increases have been roughly in line with productivity advances in the private economy. This expansion owes much of its vitality to the fact that wholesale prices have increased by only 1.2 per cent and consumer prices by 5.6 per cent, over this entire period.

This has meant increased purchasing power by all segments of the economy, not just paper power but real power, bring-home-the-bacon power. In addition, this relative price stability has made the U.S. more competitive in world markets during a period when other industrialized nations were feeling and fighting the pressures of inflation.

Within the domestic economy, inordinate price increases necessitated by unjustified wage increases would erode the buying power of both business earnings and consumer incomes.

Of course, the price structure must be flexible enough to prevent imbalances from occurring in the supply-demand picture. But both trade unions and business firms must exercise restraint in periods of rising demand such as we are now experiencing.

We must strive for a relatively stable price level, but specific price movements within the total must reflect the effect of market forces, just as they often have to reflect rising or declining costs.

Another area requiring balance involves Federal Government receipts and expenditures. The powerful influence of these factors on the economy has been clearly demonstrated in the past year or two, and we must take them fully into account during the coming months.

As the economy grows, Federal Government tax receipts expand at a very rapid rate. But the current requirements of Vietnam and the new programs approved by the current session of Congress such as education, housing, anti-poverty and regional development, are certain to call for increased expenditures, and the President will have a most difficult job in putting the budget in reasonable balance.

Confidence -- a most important factor -- seems to be high among both businessmen and consumers. The recent government survey on business plant and equipment expenditures indicates an increase this year of $6 billion, or 13-1/2 per cent, over such investment in 1964. Last February the estimated increase for the year was 11.7 per cent. And early indications are that the capital investment program by private industry will continue at a high level in 1966.

In addition, the latest Census Bureau survey on consumer buying intentions indicates favorable levels for automobiles, houses and durable goods.

I would say on the basis of facts now on record, that the outlook for 1966 is favorable. There are some, in the investment community in particular, who have been waiting for what they call a signal, a dramatic exposure of the future, a neon explosion in the crystal ball. They would be better advised to chart the readings of their tea leaves or the take at Epsom Downs.

For my part, I believe simply that we will see a continuation of the cooperation among business, labor and government in pursuit of national goals in the public interest that has characterized and has been the catalyst of the economic growth we have enjoyed. And I am confident we will achieve an increasing standard of living for all our people, without the development of malignant excesses or

imbalances in our national economy if we act sensibly, and respond in due time to excesses as they develop.

So much for the short, next-year run. Can we see any farther into the future? I don't think we can map it with any degree of precision, but I do think we can see further progress ahead.

The way is through science and technology, a familiar, and often misleading phrase.

I sometimes think that the task of using science and technology for economic growth is simpler to deal with on the national level. At least, problems are more easily defined. We know that we need a good educational system. We need a strong research effort by private industry. We have a lot of data on these aspects of the problem, and there is a great deal of thought given to national manpower and research requirements.

At the level of the states, however, the situation is quite different. Here, theory must merge into practice. We can't simply assume that all science and technology automatically produces economic growth.

Right at the beginning, I'd like to dispose of one notion that tends toward cloud nine. This is the over-simplification, not at all uncommon in this age of quantification, that all we need is more science and technology.

Don't get me wrong. I'm a firm believer in research and development. But more important than the amount of research and development, is the kind of research and development. Who is doing it? Why is it being done? Who is paying for it? What are the objectives?

How will the results be used? These are the questions that must concern us.

Of course, Government funds an enormous amount of research and development in connection with national defense, space exploration, and other such programs. There is great interest on the part of all regions of the country to participate in these programs. Certainly no state should be so disadvantaged in technical resources that it cannot compete for these contracts. But a community would be foolhardy to pin its hopes for economic development solely on Federal R&D contracts. It is an undisputed axiom of our free enterprise system that an economy geared to private markets offers the surest hope of steady, long-term, locally-determined economic growth.

One of the most important requirements for achieving this objective is the presence of entrepreneurial talent. The entrepreneur is the driving force that pushes ideas to reality. He provides the bridges between the research laboratory and the marketplace. He can encompass what is needed as well as what is known. He understands that products must be produced at a price people are willing and able to pay.

This market factor explains why there was no mass market for automobiles in some European countries until recent years. It explains why all the science and technology in the world will not overnight create a mass market for electrical appliances in the developing nations of Africa and Asia.

So the entrepreneur is no less important than the scientist or engineer. All are important, and all are needed. But often there comes a time in the development of a region when the crying need is not for more science, but for more people who can put science to profitable use: more businessmen with the required vision, skill, daring, and organizational ability.

This country has spent more than $100 billion in research and development during the past twenty years, and I don't know of a single expert who believes we have put anywhere near all the accumulated knowledge to practical use.

Your government has recently taken steps to encourage the introduction of new technology into busine ss and industry in all parts of the country. I am referring to the State Technical Services Act, which the President signed into law on September 13th. It is significant that he called it, "the sleeper of the 89th Congress."

"If it had been enacted 25 or 30 years earlier," he said, "we might have prevented the economic depression that now exists in Appalachia."

"We are committing ourselves," President Johnson noted, "to an intelligent and orderly application of the great technical and scientific breakthroughs of our time. We are recognizing that this Nation can no longer afford economic development on a helter-skelter basis."

By creating a proper partnership of state, local and national interests, this program will speed the development and expansion of State programs designed to place the findings of science and technology where they can be most productive--in the hands of local business. This program obviously has great possibilities for local economic development. It will accomplish its long range objectives, however, only with the initiative, imagination, leadership, support, and ideas of local businessmen.

I take it as a fundamental article of faith that the primary responsibility for economic growth rests with private industry. This is the first principle of our economic system, and it would be folly of the highest order to lose sight of how well it has served us.

Government activity, at all levels, should be directed toward creating those conditions which will permit private industry to efficiently produce the goods and services society needs. But there is a point beyond which Government should not -- must not -- go.

The Federal Government has a responsibility to help assure an adequate supply of scientists and engineers. It has a responsibility to support basic scientific research, especially in areas such as atomic energy or supersonic transport, where it is in the public interest to have a national competence but where the profit incentive is too far removed to provide incentives to private industry.

Nevertheless, it remains the ultimate responsibility, the key responsibility of private industry to put Government support -- and it is more support than assistance -- to work on the specific and critical problem of producing a product or a service to meet a need, at a price people will pay.

In the ever-impending present, what with the vast established resources of the American economy, I don't think we are in any real danger of nose-diving into a depression, or even sputtering into a serious decline. The congenital worry-wart is becoming more and more of an alien in our economic culture.

But regardless of the differences in opinion, this much is certain -- the power is ours, through our command of the economic forces that structure opportunity, to determine the extent of economic progress that will characterize the future.

I urge you to keep in mind that your business decisions, mundane as they sometimes may seem, and the developments that follow from them, are not writ in sand, to be erased by the wash of time. Your decisions will not yellow along with your accountant's ledgers. What you do now, this year, next year, will live long after we are all gone, will live in the lives of those to whom we have given the freedom to raise the human condition to heights that we can only dream of today, but heights that we will have made possible, as our fathers and their fathers, gave life to their dreams, in us.

Thank you.

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UNITED STATES DEPARTMENT OF
COMMERCE
John T. Connor, Secretary Washington, D.C.

Office of the Secretary

FOR RELEASE IN AM PAPERS, SATURDAY, OCTOBER 9, 1965

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR PREPARED FOR DELIVERY BEFORE THE HARVARD LAW SCHOOL FORUM, HARVARD UNIVERSITY, CAMBRIDGE, MASSACHUSETTS, 8:30 P.M. FRIDAY, OCTOBER 8, 1965

If my own memories as a law student are a reliable guide, the farthest thing from your minds tonight is your retirement from business or whatever professional field you may enter. Your interest is naturally in the beginnings of your careers. You are curious about whom you will work for, what kind of business or occupation you will engage in. And rightly so. But by the year 2000, 35 years from now, a good many of you will be retiring, and certainly all of you will be approaching the end of what I hope will be rewarding and satisfying working lives.

You will be living in a different America then. Our urban population will have doubled. City land will have doubled. By the time we enter the 21st Century, we will have to build as many new houses, schools, apartments, parks, and offices as we have built since the first settlers arrived in the new world.

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This means that during the next 35 years, the years when you will be taking your place in the scheme of things, we will have to build a brand new physical America--and you will play a major part in this undertaking.

When people hear of this great challenge, they tend to think of the steel and glass and concrete and wood that will be needed to recreate our material world. In itself, this is a staggering task. I would like to focus tonight, however, on some of the other facets of the new world we will be creating, and on what all of this has to do with you. And make no mistake about it, we will be creating a new world, a world completely different from the one we know today.

What we propose to build is nothing less than a society which is free from poverty and ignorance. We are not content simply to develop mechanisms for treating these problems. We intend to eliminate them at their roots, by eradicating their causes. No other nation has ever had the audacity to attempt such an objective. The pioneering national programs of thirty years ago were concerned primarily with trying to save our institutions from the economic chaos that threatened to engulf us. Our aspirations for the next 3-1/2 decades are much broader than merely preserving our present way of life. They are revolutionary in scope.

That term was first applied to this country in connection with the original American Revolution. I think the analogy is quite apt today. Some people seriously question the notion of attempting to eliminate poverty and ignorance. The Bible is cited as authority for the axiom that we will always have the poor with us. The idea of creating a new world seems rather preposterous. But there were doubters in 1776, too. They said the idea that the people could be trusted to govern themselves was sure to fail. Our existence as a nation today, however, demonstrates the fundamental soundness of the political revolution we waged in 1776. Moreover, that revolution has been adopted by people all over the world who want to rule themselves in a free and democratic way. In a sense, we were the first nation to export a revolution. The difference, and it is a significant difference, is that we do our exporting by the example we set, and not by subversion, intrigue, and terror.

Creating this new world poses a great challenge to democracy as a political philosophy. Is democracy effective enough to produce this new world? Can it move rapidly enough to bring about change in a large, complex, interdependent society?

Creating this new world also poses a challenge to the economic system we have today, and to the basic principles underlying our economic way of life. Can an economy in which the means of production and

distribution are privately owned meet the broader objectives of society-at-large? Are the motivations and rationale of a private economy compatible with the needs of all the people? Is private leadership broad enough and far-sighted enough to encompass within itself the aspirations of a nation?

The issue here goes much deeper than the relationship between business and Government. The critical point is that both democracy and our free economy are in the spotlight of world scrutiny. The developing nations are still in the formative stages with respect to their form of government and the character of their economic systems. They are looking for models to follow--successful models. Forms of government which are totalitarian in both their political and economic philosophy offer one model. We offer another. The ultimate choice, for most nations, will be made, not on the basis of ideology, but on the answer to the simple question--which system achieves the best results?

In this connection I might note that there are some rather profound and startling changes beginning to emerge in the countries of Eastern Europe, and in the Soviet Union itself. These changes have to do with the basic foundations of their economic systems. The new directions are not the result of some flash of genius on the part of the ideologists, or some fresh revelation concerning the true meaning of Das Kapital. These changes are being made because their system simply doesn't work well enough. The lesson, I am sure, is not lost on the developing nations of the world.

One might well ask why it is that we are willing to expose ourselves to the risk of failure in this drive to eliminate poverty and ignorance. Part of the answer is that we want to do it regardless of external considerations. We want to do it for ourselves. The whole fabric of life in this country is based on the assumption that we can improve our lot through knowledge and work. The philosophy of passively accepting the trials and tribulations of an indifferent world is completely foreign to our thinking.

Beyond this, the national conscience demands that we make the attempt. We are not willing to stand idle in the face of social problems, when we believe the means of solution are at hand. Furthermore, the function of our private enterprise society is not limited to the production and distribution of material goods. It also embraces the quality of people's lives. What gives new meaning to this concept today is that we now have an economic machine which is capable of matching both our material and our human aspirations.

What sort of new world will we be building? The question would more properly be put to you, because you will have more to do with it than members of my generation. One striking comment I can make about the nature of this new world is to compare it with the ancient world. The seven wonders of the pre-Christian era include

such things as the Pyramids, the Hanging Gardens of Babylon, the Colossus of Rhodes. These magnificent achievements demonstrated man's ability to change the physical face of the world, to add to the natural world in massive form. These accomplishments, of course, derived from the physical strength of man. They were limited by the use of his own muscle power, coupled with simple mechanical devices.

The wonders of the world of the future will be largely the product of men's minds. They reflect our determination to master the world through our intellectual resources. The monument we leave behind will be a long lifetime for all people, filled with years of quality. This goal involves a number of facets of life.

People's lives will be relatively free from the physical and mental diseases which attack us today.

Education will be a continuing part of everyone's life, its availability limited only by a person's needs, desires, and ability. Achievement of this goal will bring both mental and material enrichment to people's lives. But it will also be sought for the broader, social reason that a democracy such as ours, particularly in a highly technological society, cannot function without educated citizens.

We will manage and control our physical environment in such a way that clean water and air are available to meet all the requirements of agriculture, industry, commerce, transportation, recreation, health, and esthetics.

Because our urban population in the year 2000 will be twice as large as it is today, we will have to devise ways in which people can interact with their cities as a harmonious system, rather than in an enervating, frustrating struggle.

Nuclear power will become commonplace during the next 3-1/2 decades. Aside from the intellectual satisfaction and the technological advantages that this provides, the power of the atom will open up a virtually limitless source of energy.

We can also foresee the day when science will provide us with custom-made materials, designed in such a way that the characteristics needed for a particular application will be built into the material itself, removing the causes of failure and deterioration.

As we now explore the mysteries of outer space, we will also move to exploit the natural resources of the oceans through sea farming and sea mining.

For the individual, this new world will be characterized by a higher level of income, and a higher standard of living. These trends, together with the tendency to employ machines for routine, drudgery-type activities will have profound effects on the way we spend our time.

During the past hundred years, technology has been increasingly applied first to agriculture, and then to manufacturing industries. Together with improvements in capital and labor, the size of markets, transportation networks, advances in business organization, this has resulted in unprecedented improvements in productivity. One consequence is that we enter the work force at a later age, retire at an earlier age, work fewer hours per day, fewer days per week, and fewer weeks per year. In sum, the total amount of time in the average person's life that is devoted to productive labor has been getting smaller and smaller.

This trend has profound consequences for society as a whole. What will people do with their increased proportion of non-work time? It would be naive to assume that the average man will now devote great segments of his waking hours to philosophical contemplation. But there may be some upper limit on the amount of time that people will spend on hobbies, recreation, and entertainment. Clearly, there will be consequences in the political life of the nation when we reach the point

at which most of the population of voting age are not members of the labor force. Until recent times, the bulk of political appeals lay in economic issues. We may be facing a completely new situation in this respect in the future. The first waves of this trend are already upon us. The most recent political campaigns have turned not upon bread and butter issues, but upon such questions as our position in the world at large, the national spirit, and our ability to live up to our national potential. Other issues will no doubt appear in future years.

It's easy enough to lay out the blueprint for this new world, but there are some hard questions that must be raised at the very beginning. What makes us think we can bring this revolution off? Can we afford to pay for it? And can we organize ourselves to accomplish the objectives we seek?

Without getting into a discussion of the "new economics", I think we would have to give the American economy high marks, for both recent performance, and future promise. Projections of Federal revenue based on growth in the Gross National Product, indicate a sizeable amount of funds, which will be available for the public investment so necessary for the future I have described. It would perhaps be unrealistic to assume that the economy

will continue indefinitely to reach new highs in practically all the economic indicators. Nevertheless, there is no valid reason to assume that we are in for a substantial downswing simply because we haven't had a slump in a long time. There is no natural law which contravenes the fundamentally sound conditions responsible for our present high prosperity.

The rate of business investment and the relatively stable prices of recent times give rise to honest optimism for the short term future. In the long run, the most hopeful sign is an almost universal understanding that business and Government are now partners in shaping the economic future of the nation, and that if conditions require Governmental action, action will be taken. In other words, it is somewhat unthinkable that the nation would ever be allowed to drift helplessly into an economic decline such as those we have experienced in times past.

Furthermore, the continued application of new technology in our economy will result in additional increases in productivity. We are only now beginning to apply technology to the service fields, which account for most of the labor force in the country today. Economic benefits arising from this development are still ahead of us.

Science and technology have come to serve a dual purpose with respect to our plans for the future. First, new knowledge is needed to

solve some of the substantive problems before us, in the life sciences, for example, and in the technology having to do with the physical environment.

Second, the application of new knowledge is one of the prime contributors to increased national wealth. There has been a great deal of speculation in recent years on the ultimate conditions which this process may create. Some social critics link the issue with computers and automation, and this immediately raises the specter of displacement of workers by machines. At the extreme, science and technology are seen as threatening to eliminate scarcity as an economic factor in society. This possibility is regarded as a threat, not because scarcity is thought to be desirable -- quite the contrary. But because we simply aren't prepared at the present time to cope with an economic way of life in which the satisfaction of a person's needs would be provided for without regard to the work a person performs.

The social problem of the future may have less to do with poverty and wealth, and more to do with how people can achieve meaningful experience in their lives. I am sufficiently confident that we can pay for this new world, to suggest that some of you, in your lifetimes, may be attending national conferences to alleviate boredom.

In looking ahead at our national goals, there is one great asset that has come into prominence within the past twenty-five years, which is sometimes overlooked. This is our ability to organize ourselves and our resources in order to achieve national objectives.

The Second World War, when looked at purely from a social organization point of view, illustrates this ability. The Federal interstate highway system and the program to land men on the moon are other examples. This ability to "get things done" is vital in a democracy as large as ours. What it requires is a political system that is responsive to rapidly changing times, and a national character which permits diverse segments of society to work together toward common objectives, while still retaining their legitimate, vested interests.

This latter element is extremely important, particularly as applied to the non-Governmental segments of society. Where and how do they fit into the picture? It is fallacious to assume that wherever we are going, the Government will somehow get us there.

If we intend to meet our goals for the year 2000, we must have initiative, leadership, ideas, criticism, and the enthusiastic participation of all elements in American society. And this is not a window-dressing requirement. It is an indispensable pre-requisite.

What does this mean when we get down to cases? As a general rule, the educational community, professions such as social work, and the private foundations, find it relatively easy to regard most public programs as roughly coinciding with their own objectives. For a variety of very valid reasons, this situation does not obtain, or certainly not to the same degree, in the case of private industry. It is as naive to think that business interests and public interests always coincide, as it is to think that they always collide.

The truth lies somewhere in the middle, and it arises out of the vital functions which the private sectors of our society must perform, if the new world is to come about. In the first place, there can be no question but that private groups must generally conceive, develop, produce, and sell the goods, and many of the services, which are necessary to meet society's needs. The assignment of this function to private industry is basic to our thinking.

Second, the national economy must be moved to levels which will generate sufficient tax revenues to support the public investments needed for our national goals. Government, through its laws, policies, regulations, attitudes, can do a great deal to help create conditions which are conducive to a strong economy. In the last analysis, however, the economy cannot be ordered to succeed. Its success depends

upon the many thousands of decisions and judgments, large and small, that are made every day by private citizens all across the country.

Third, we must rely on the private segments of society to play a leading role in devising ways to export our new world to countries around the globe. It would be the height of folly to imagine that we could long remain an island of affluence in a world-sea of poverty. The policy of Government, expressing the will of the people, is to extend our technological know-how, our organizational ability, and our humanitarian objectives to any country which has the will to follow our example. The actual transfer of knowledge and spirit, however, will take place largely through the channels of business, labor, education, religious, philanthropic, and other private groups, which were exporting American know-how and ideas long before Government entered the field.

So in this diverse pattern of activity, Government is only one element. The private segments of society play even more critical roles. And they do not have to give up their own value systems, or the primary rationales that motivate their activities. They are not expected to submerge their decision-making processes into some larger, national decision-making machinery. They are not asked to forego their responsibilities to their own clientele--whether this be

stockholders, union members, religious followers, financial supporters, or whatever special group may be involved.

Instead, business, education and labor are asked to consider the many ways in which their interests parallel broader, public interests. Leaders in the private sectors of society must also fill the role of public statesman.

At the time of the first American Revolution, we didn't have a Government or a bureaucracy, in the modern sense of these terms. That struggle was won by farmers, merchants, craftsmen, mechanics, bankers, who were also soldiers and statesmen when soldiers and statesmen were needed.

Life is more complex now. There is no Paul Revere to sound the alarm and call out the minutemen. But the same kind of call is going out for public service, in whatever sphere of activity you find yourself. And this call is directed not to organizations, but to people, to individuals, to you here in this room.

Organizations do not determine the outcome of human events, people do. The successes and failures, the values and motivations of business concerns, labor unions, or universities, are really the successes and failures, the values and motivations of people, individual people who are as real and as specific as you and I.

Thus, the question that is most germane is not -- what will this or that organization contribute to society, but rather, what will I contribute, what will you contribute? It is completely illogical to be concerned about the future course of the country if you do not yourself have a deep commitment toward some specific kind of future for the country. This does not mean that everyone should become a Government administrator, or that everyone should run for Congress, or that everyone should take up social criticism as an active hobby.

What it means is that our way of life depends, in an absolute sense, upon people in all walks of life becoming personally involved in the resolution of the great challenges facing us as a nation.

This involvement can take many forms. Some of you will no doubt go into public service. Others will enter the private, non-profit world of study and research. Most of you will go into private business or the professions. Whatever your course, opportunities for public service abound. The degree of involvement ranges from the personal expenditure of time, money, and energy, to the less obvious case of a business leader who conducts his overseas operations in the light of the nation's balance of payments problem.

Whatever the future holds, and whatever degree of success we achieve in the new American revolution, you will be providing the major inputs, you as individuals, making specific judgments, taking specific actions. Your judgments and your actions, of course, will be influenced by your attitudes toward life, toward work, toward other people. You will obviously be motivated by forces and ideas which give some satisfaction to you.

One of the most satisfying experiences in life is to discover something, which in your own eyes, is worthy of the full commitment of yourself. If you can identify some facet of your life's work with the broader, public interest, and then commit some part of yourself to the fulfillment of public goals, then both you and the nation will be enriched.

I am convinced that we are going to learn a fundamental truth about ourselves during the next 35 years in this country. This truth is that American society in the latter half of the 20th Century is producing young people whose need for fulfillment is too generous and too strong to be contained within the cushioned confines of self-interest. And I hope that you all enjoy the satisfaction of discovering this truth for yourselves.

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UNITED STATES DEPARTMENT OF
COMMERCE
John T. Connor, Secretary Washington, D.C.

Office of the Secretary

FOR IMMEDIATE RELEASE SUNDAY, OCTOBER 10, 1965

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR
PREPARED FOR DELIVERY AT THE "FABULOUS SHOWCASE"
GLASS EXHIBITION, MORGANTOWN, WEST VIRGINIA, 3 P. M.
SUNDAY, OCTOBER 10, 1965

One of the most fascinating qualities of the beautiful Morgantown glassware is that our impression of the glass changes as we see it in a different light, or look at it from a different point of view. And I'm beginning to think that this characteristic is also true of the State of West Virginia.

Before I came to Washington to be Secretary of Commerce, I regarded myself as a reasonably well read person. I tried to keep up with what was going on in the country and in the world. My most vivid impression of West Virginia in those years was that West Virginia was a State plagued by severe economic distress, loss of industry, high unemployment, declining job opportunities, and worst of all, that an air of hopelessness hung over the towering mountains of this State. The problems seemed almost to defy solution.

After I joined President Johnson's administration, I found out in the course of my duties that important things were happening in West Virginia.

US Comm--DC--33,206

I became closely acquainted with the dynamic work of Senator Randolph and Congressman Staggers.

I learned more about the partnership being formed in the Appalachian Regional Commission between the Federal Government, West Virginia and other states in this great area.

And I heard about the courageous efforts of you West Virginians. I heard about the cooperation among business, labor and local government here. I heard about how you were working together among yourselves to make a greater contribution to the national prosperity and to share more fully in it, in order to provide a better life for your families and a brighter future for your children. And it was a heartwarming story that I heard.

Now, I've come to see for myself. I've met Governor Smith, and Mayor Goodwin and other leading citizens of the city of Morgantown and this State. And, as though I'm watching the changing lights on the glassware made by your skilled workmen, I'm getting an impression of the true depth and reality of the minor miracle that is taking place in West Virginia.

I don't see the typical signs one would expect in a town or a state or a region that is in economic trouble.

What I see is a civic spirit that is almost fierce in its pride and determination to move ahead.

What I see is business and industry that is attuned to all the subtle cross currents in the economy today. What I see is an educational community that is prospering in a friendly and fertile climate. What I see are Governmental and political leaders who are using their knowledge and skills to insure that West Virginia rides the crest of the wave of the future and not the trough of despair. This is the story of West Virginia today, and its a thrilling story of hope and determination that I'll carry away with me when I go back to Washington.

The whole essence of what I'm trying to say is symbolized in the high achievement of your Morgantown glassware. Here is one of the oldest industrial skills known to man, surviving every social upheaval in history, surviving because it is based on man's creative imagination and his ability to shape the material world. There will always be a market for imagination and hard work.

So one of your hand-made crystal goblets carries not only beauty but also knowledge in the field of economics.

The nation is indebted to West Virginia for this marriage of industry and art. It graces the tables as well as the prestige of this country. But we are also indebted to West Virginia in another way, and you may have forgotten this other debt, so I'd like to acknowledge it today.

West Virginia is the State that woke the nation up to the fact that we had a job to do. West Virginia reminded us that the good times we thought we were enjoying just didn't exist in some parts of the country. This came to our attention quite forcefully during President Kennedy's primary campaign here in 1960.

You people of the State of West Virginia may have thought that there was something unique about you and your problems. You may have thought that there was some way in which you had failed.

Nothing could be further from the truth.

At a time when most of the economic indicators were practically going straight up, and when most people thought the country had never had it so good -

100 areas in 28 St ates had an average unemployment rate of 13.6 per cent.

Many hard hit rural areas had incomes less than one-third of the national average. This means that in these rural areas many families were subsisting on less than $1900 per year.

There were 100 counties in the country where the average family income was 70 per cent below the national average.

One out of every five American families lived in an area where economic opportunities were deficient.

One out of every four American counties could be identified as having serious economic problems.

All this was happening at a time when many people thought that economic distress was something that had disappeared after the great depression. Well, Appalachia and West Virginia opened everyone's eyes to the necessity of doing something, for communities all around the country, because economic distress was not an Appalachian problem, not a West Virginia problem, but a national problem.

So President Johnson determined that a nation-wide program must be launched to help cure the economic ills of the distressed regions of the country. When he sent the Economic Development Act to the Congress, he said:

"A growing Nation cannot afford to waste its human and natural resources--too often neglected and unused in distressed areas. Nor can we afford to shut out large numbers of our fellow citizens from the fulfillment of hope which is shared by the rest of us. The millions of people living in those areas and regions of our Nation which have not shared fully in our general prosperity are in urgent need of help. Moreover, the distress or underdevelopment of any part of the country holds back the progress of the entire nation."

The most important element in the Nation's program for attacking regional economic distress is the cooperative, partnership approach to the problem.

Today we live in a complex society. Its needs are complex, and so are the patterns of interaction and cooperation among the groups making up the society. The growing interdependence of these groups upon each other is greater than many realize and more crucial to our progress than many appreciate.

No one has expressed more forcefully than President Johnson that building a great American society depends upon the whole-hearted cooperation of all its components--the national, State and local governments, the business community, labor, the academic world, professional societies, and the other groupings of our people.

At a businessmen's luncheon in the White House last year, the President stated: "I believe that we are entering a new era of cooperation between government and business and labor and the many groups which form this nation... It is an economy where the health of business benefits all the people. It is an economy where the prosperity of the people benefits the health of business. It is an economy where, in large measure, the fortunes of each are tied to the fortunes of all."

While the spirit of working together for mutual benefit has been a powerful force for progress since the beginning of our country, I think today there is a growing recognition that human society can attain true maturity and material well-being only when we all work hand-in-hand in its development.

The success of our society rests upon its pluralism--the fact that decisions are made and policies are set as close as possible to the

source and by a great many people, rather than by monolithic government from above. The system works as a coordinated whole through consensus and compromise, through checks and balances.

All of the vital forces in West Virginia life are represented here today. You can take justifiable pride in what all of you have accomplished. But more than that, you have set an example to the nation, an example of what people can do--an example of courage and hope and determination. This outstanding exhibit we view here today testifies to those qualities--and on behalf of our national government, I salute you for your achievements as a people and as a State.

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UNITED STATES DEPARTMENT OF
COMMERCE
John T. Connor, Secretary Washington, D.C.

Office of the Secretary

FOR RELEASE SATURDAY A.M., OCTOBER 16, 1965

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR PREPARED FOR DELIVERY BEFORE THE VARSITY CLUB OF SYRACUSE UNIVERSITY, HOTEL SYRACUSE, SYRACUSE, NEW YORK, 6:30 P. M. FRIDAY, OCTOBER 15, 1965

This is a momentous occasion. If I may, I'd like to congratulate all of us on being here to participate in the start of a program that will have long term significance for everyone in the Syracuse University family.

The concept adopted by the Varsity Club of "Letterman of Distinction Awards" is inspiring. The main objective of a college education is to prepare us for life -- a life filled with personal satisfactions, successful handling of family and other responsibilities, the appreciation of art and culture, and some degree of service to our fellow man.

This Award emphasizes the preparatory aspect of college work, including athletic participation, and points to the importance of what happens after we leave the University. Not only does it serve the purpose of recognizing the achievements of deserving graduates, but it emphasizes to those still in college and participating in athletics that life's work is ahead of them, and that they will need the best possible kind of preparation if they wish to enjoy it fully and handle their responsibilities successfully.

For me the occasion has double significance. This week-end marks the 30th anniversary of the great 1935 Syracuse football team of which I had the privilege of being Manager. That 1935 team has been a source of inspiration to me throughout my life.

To paraphrase the words of a famous world statesman, never has a team with so little accomplished so much. Starting the season with the smallest number of returning lettermen imaginable -- and even those, except for the outstanding co-captains Ed Jontos and George Perrault, being relatively untried -- the team was so well coached and handled by Vic Hanson and his associates that it ended the season with the outstanding record of six victories, one tie and one defeat -- to that old nemesis, Colgate.

This was a real triple-threat team! That is, it took the specialties of all four backfield men to round out the necessary quota of running, kicking and passing.

After the third game -- a costly victory over Ohio Wesleyan in which Red Mammosser, Johnny Gorecki and Ray Reckmack were injured, all seemed hopelessly lost. But inspired by a great fighting spirit instilled by Vic Hanson, the team regrouped and in true Frank Merriwell fashion staggered from victory to victory until the house of cards caved in at the Colgate game.

The pattern was always the same. Most of our players were in positions that were unfamiliar to them -- a move necessitated by a small squad and a continuing recurrence of injuries. The opposition would be ahead at the end of the first half, and then in the second half the fantastic deeds of Ray Reckmack in passing, or Vannie Albanese in running, or the cool generalship and punting of Jimmy Nolan, and always with outstanding line play led by Ed Jontos and George Perrault, the team would fight its way through to victory -- with the notable exception of the Colgate loss and a tie with Maryland.

The complete roster of victories consists of these familiar names: Clarkson, Cornell, Ohio Wesleyan, Brown, Penn State, and Columbia.

With such a meager background of talent, and considering the fact that many of the players were "flops" in their regular positions before being reassigned by Vic, and particularly because of that unusual fighting spirit displayed in game after game, the team became known as "The Fighting Floppos" -- a fitting accolade!

Truly, never have so few with so little talent accomplished so much on the football field!

Furthermore, 55 per cent of all deaths in this country result from diseases of the heart and blood vessels. And two of the principal causes of cardiovascular ailments are improper diet and lack of exercise.

Diet and exercise are factors within the control of each of us. Something can be done about them. Indeed, a lot can be done to keep us from turning into a land of "flabby Americans."

The mere existence of the President's Council on Physical Fitness emphasizes the importance attached by the government to the fitness of men and women in a free society. President Johnson has put it this way:

"A people proud of their collective heritage will take pride in their individual health, because we cannot stay strong as a country if we go soft as citizens."

Soft citizens, I want to add, are costly to the nation. The strength of our human resources obviously depends upon human fitness, but it's also true that lack of fitness is expensive in economic terms. I'll give you three illustrations:

First, heart disease is estimated to cause the loss of 540,000 man years annually, and that loss has been reckoned at $2.5 billion.

Second, in the last two decades, the proportion of our gross national product devoted to health and medical care has increased more than 50 per cent, and the trend is still up.

Third, in 1964 Americans spent $30.6 billion on personal health care.

What are we doing about all this?

Happily, the spectacle of human and economic waste caused by unfitness is stirring us into action. We have made some progress. It can be measured in several ways.

In the schools, an enlivened interest in the physical condition of our boys and girls has brought about a number of improvements. Four years ago, for example, only 18 million children from the fourth grade through high school participated in programs of physical activity. In the 1963-64 year, the latest for which figures are available, the number had grown to 27.2 million, or 86 per cent of the total.

Over the same period, the proportion of high school juniors and seniors taking part in such programs increased from 47 per cent to 84 per cent. And there has been a 20 per cent increase in the number of youngsters able to pass standardized fitness tests.

One reason for these improvements has been the increase in health and physical education specialists employed in the schools. While enrollments rose 14.5 per cent, the number of these specialists at work in the schools rose 26 per cent -- compared with a 17 per cent increase in all teachers.

We can look at it from other angles, too. In 1953, the average 15-year-old American boy was capable of doing 45 situps and running 600 yards in 2 minutes, 19 seconds. Now the 15-year-old can do 74 situps and run 600 yards in 1 minute, 58 seconds.

There has also been a boom in sports activity by adults, to the point where nine million of us play golf, eight million play tennis, and 39 million are bowlers.

But the harder we look, the more we realize that there is much more we have to do. For one thing, fewer than four of every 10 schools set aside a daily period of physical education for all pupils. Less than 60 per cent offer an opportunity for physical activity as often as three times a week.

And as we look ahead, it's clear that the problem will become even more acute, and that we'll have to do more about it.

This era of advancing technology is steadily reducing the time Americans spend at work and increasing the hours available for recreation, leisure and further educational activities. Seventy-five years ago, Americans spent an annual average of 1,800 hours at work -- spread over their lifetimes. Now the average is 1,000, and the trend continues to go down.

Couple these developments with the fact that our children, on the average, can expect to live 22 years longer than the expectation of our parents, and the significance of time to the individual becomes even more apparent.

For a livelihood, he may not be required to exert as much muscle as before -- but for staying alive, he will.

He will need the physical, mental and moral fiber cultivated by physical education and athletic competition to live a longer life under economic and social pressures just as intense as now, and perhaps more so.

And in his leisure time, he will need the strength and endurance to seek release from those pressures through physical activity. Otherwise, he will deteriorate physically and become of less and less use as a citizen and a person.

So it seems to me that the most serious challenge we face as individuals is how to manage our lives in this approaching age of unparalleled comfort and abundance.

How do we face up to the challenge?

First, I think we must hold constantly in sight -- as if it were printed on a card hung from the visor of every cap -- the reminder that fitness is the basis of health and vitality. And that, as President Kennedy said, health and vitality are "qualities which are essential if each American is to be free to realize fully the potential value of his own capabilities and the pursuit of his individual goals."

Next, I think we have to approach the problem with complete belief in the principle that athletics and physical activity are basic to education. The Greeks, first of civilization's authentic educators, believed in developing a "whole" man. They believed that man's ability to serve society was rooted in his physical fitness. It is equally as true in this Technological Age as it was in that Golden Age that there is an unquestionable relationship between physical and mental fitness.

And next, I suggest that in each of our communities, and each of our homes, we try to drive home the lesson that every member of the Varsity Club learned so well in winning his letter at Syracuse. And that is that athletic competition is without equal as a proving ground for leadership, discipline and teamwork.

A boy on the sandlot or a young man on the college field knows what's happened if he flinches before a 250-pound tackle, or a fast ball cutting the inside corner. He learns the urgency of courage and daring, the need to act quickly and efficiently, the confidence that comes with performance. In short, he learns that physical vitality and the challenge of competition are fundamental to the pursuit of excellence in all things.

And finally, I think we should try to overcome the notion that sports are for a few, and stress the idea that sports are for all.

Bill Bingham, the former athletic director at Harvard, once gave this description of a Saturday afternoon at the stadium:

"Twenty-two boys on the field badly in need of rest, and 40,000 people in the stands badly in need of exercise."

Intercollegiate, and before that, interhigh school competition should really be the ultimate of a program of physical education that invites -- if not commands -- the participation of every youth without a prohibitive disability.

We speak at length these days of equality of opportunity, and that is an essential goal of our free society. But lack of opportunity has many shades of meaning. Stan Musial, the baseball great who is now the President's Consultant on Physical Fitness, put this meaning to it:

"There is no equality of opportunity -- in education, in employment, or in any phase of life -- for the youngster who is lethargic and weak, timid and awkward, or lacking in energy and the basic physical skills."

As men with pride in our present and concern over our future, there are things we can do to equalize opportunity and advance the lives of our children and fellow citizens.

We can argue for fitness.

In the last four years, 21 states have increased the requirements of physical education in their schools. Why not more?

Thirty-three states have established councils to stimulate programs in physical fitness. Why not all the states? And county or city governments too?

In 36 states, public school facilities are being used as recreation centers for adults as well as youngsters the year around -- at nights, on weekends, through the summer. Why not those in all states?

We also can guard against a letdown, and encourage the expansion of efforts already under way.

Private business has increased its spending for employee recreation programs to more than $1 billion a year. The armed forces have strengthened their fitness programs. Newspapers, magazine, television and radio have carried the fitness message into the home, providing $44 million in free time over the last three years.

Many local sports and civic groups are offering incentives in the form of awards for athletic achievement -- in addition to those given by the schools.

We can make ourselves heard in the schools, in local governments, in industries and in community organizations.

But most of all, we need to establish a new national attitude toward physical fitness.

There is one attitude that begs to be tackled. It was expressed a few years ago by an educator who said that when he feels the urge to exercise, he lies down until the feeling goes away.

Then there is another attitude that needs a big opening in the line and plenty of blocking to go all the way for a touchdown. This was expressed by the senior fullback, a tough and brawny athlete who was tapped on the shoulder at practice one day by a skinny rookie making a half-hearted try for the varsity.

"Boy!" the rookie said. "If I were as big and strong as you are, I'd be heavyweight champion of the world."

The fullback looked down and replied:

"Then how come you aren't lightweight champion?"

I suspect this is the attitude of pride and determination held by every member of the Varsity Club of Syracuse. Let's put it to work in the interest of a nation of fitness.

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UNITED STATES DEPARTMENT OF
COMMERCE
John T. Connor, Secretary Washington, D.C.

Office of the Secretary

FOR RELEASE AT 9:30 AM MONDAY, OCTOBER 18, 1965

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR PREPARED FOR DELIVERY BEFORE THE NATIONAL EXPORT EXPANSION COUNCIL, STATLER HILTON HOTEL, WASHINGTON, D.C., 9:30 A.M., MONDAY, OCTOBER 18, 1965.

It is a pleasure to welcome you to this first plenary meeting of the new National Export Expansion Council.

We are grateful to you gentlemen for your presence here today and for your willingness to contribute your time and your business know-how to our broad national effort to expand exports.

I cannot overemphasize the importance of your mission. Our balance of trade for the first eight months of this year was disappointing. Compared with 1964, exports were up only about 3 per cent, whereas imports increased by about 11 per cent. If this trend persists for the whole year, the decline in our favorable trade surplus would be about $1.7 billion, at a time when we desperately need an increased trade surplus to help in our balance of payments program.

We do not expect to be confronted in the second half of this year with adverse factors such as the dock strike early in 1965 and the shipping tie-up this summer. Nevertheless, the prospects are

for a continued high level of economic activity in the domestic economy and that is bound to attract more imports. This means that we must have a higher volume of exports during the remaining four months of the year or face further damage to our balance of payments program.

In a letter mailed last Thursday I asked corporations participating in President Johnson's voluntary balance of payments program to take additional measures which we hope will increase their contributions to the attainment of our objective of reducing the deficit substantially this year.

I suggested the following special steps:

1. Review current foreign payments plans to "stretch out or reprogram" expenditures and dollar outflows in the fourth quarter of 1965.

2. Reduce further the amount of short-term assets held for the parent company account overseas.

3. Draw down and return home excess amounts of liquid funds held by foreign affiliates.

These and other measures are highly important to the program. But we know that the key to success lies in the area of your immediate concern -- export expansion.

Last month, I asked the Executive Board of your Council to review realistically and forthrightly what has been accomplished up to now in our export drive, to identify problems which may be impeding this effort, and to make some realistic and practical recommendations as to what actions should be taken to achieve a real breakthrough to a higher level of exports.

I know that studies of the important problems are already underway, and I understand that you will hear reports from the Action Groups later this morning. Since some of these complex problems may require legislative solutions, which may not be forthcoming in the near future, I hope that you will concentrate attention on those solutions that can be adopted by executive action without requiring new laws.

I do not mean to imply that we should ignore the long-term problems that require new laws, because we should be prepared to take every feasible measure to improve our export position.

But I do hope that you will examine carefully the question of what can be done now. We are interested in measures which established exporters can take quickly and which will produce results in the next 12 to 18 months, as well as continued efforts to get other firms started in the export field.

The 42 Regional Export Expansion Councils constitute a corps of internationally-minded businessmen and professional leaders -- 1,200 strong -- which can exert a powerful influence on the whole business sector of our society. I hope you will continue to alert business firms throughout the country to the opportunities offered in markets throughout the world, bringing to their attention the various techniques through which these markets can be tapped -- "piggy back" marketing assistance to smaller firms by established exporters, trade missions, trade fairs, trade centers, and all the other devices available. Vigorous exploitation of these proven foreign marketing techniques by business will return dividends to the companies using them and at the same time will contribute to achieving important national objectives.

I can assure you that your Department of Commerce will give you every assistance possible through our various programs.

You may have seen the report made last week of one of the most successful export sales records in the entire history of our international trade fair program. Twenty-three firms exhibiting their products in the just-completed Trade Fair for Welding and Cutting in Essen, West Germany, reported as follows:

Off the floor sales of $1,038,195.

Estimated sales for the next 12 months, $5.5 million.

Number of agencies appointed -- 74 in 20 different countries.

This is an outstanding example of what we can accomplish by working together effectively.

You have a tremendous reservoir of international business know-how represented on this Council, as well as a lot of experience in the export promotion field. We are confident that the fine combination of talent here -- REEC Chairmen who have been carrying on export promotion programs in their home areas, top executives of companies with substantial overseas operations and the heads of important national associations -- will critically and constructively analyze the situation and emerge with recommendations for actions which will serve the National interest by substantially improving our overseas sales.

I want to emphasize that the President is deeply concerned over the continuing deficit in the balance of payments. He is vitally interested in supporting workable measures to improve the U.S. export position because he realizes that higher exports have the greatest potential for solving our payments deficit problem in a manner not only painless, but most beneficial. We plan to give prompt and careful consideration to your recommendations and will keep the President fully informed of what you're doing. And of course you'll hear personally from the Vice President a little later in the morning and thus get a first-hand account of his views.

Let me again express our sincere appreciation and gratitude to my distinguished predecessor, Governor Hodges, your Honorary Chairman; to Fred Foy, your Chairman; to Bob Dwyer, Vice Chairman, and to all of you for contributing so much of your time and talents to this program. We are indeed impressed with the imagination and determination you are bringing to this task in the public interest.

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UNITED STATES DEPARTMENT OF

COMMERCE

John T. Connor, Secretary — Washington, D.C.

Office of the Secretary

FOR RELEASE 1:00 P.M.
MONDAY, OCTOBER 18, 1965

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR, PREPARED FOR DELIVERY AT THE PRESENTATION OF THE PRESIDENT'S "E" AWARD TO WEST PENN POWER COMPANY AT THE NATIONAL EXPORT EXPANSION COUNCIL LUNCHEON MEETING, FEDERAL ROOM, STATLER-HILTON, WASHINGTON, D.C., MONDAY, OCTOBER 18, 1965, 1:00 P.M.

This presentation to the West Penn Power Company marks the first time a public utility has received this "E" award for excellence in developing exports. This occasion, therefore, is a memorable one in many respects.

This presentation, coinciding with the first meeting of the newly enlarged National Export Expansion Council, emphasizes the importance of creative thinking in our national drive to increase exports. West Penn Power Company has served its customers, as well as the nation, by alerting them to the profit potential of selling their products in foreign markets. The same opportunity for public service is open to every public utility.

President Johnson has called on us all to "redouble our export efforts." Utility companies can play a vital role in this endeavor. Increased sales abroad mean more jobs at home, as well as a reduction in our serious balance of payments deficit.

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We in the Department of Commerce are delighted that West Penn Power Company is using our export expansion tools. In addition to alerting potential exporters to trade opportunities, West Penn sales representatives have told companies about our U.S. trade centers, international trade fair exhibitions and trade missions. West Penn also provides interested customers with a subscription to International Commerce, the Department's weekly foreign trade magazine.

We are now adding a new export aid, the American International Traders' Index, which will go into operation after the first of the year. This "electronic matchmaker" will use computers to rush commercial information, including sales opportunities, to U.S. firms which may have an interest in world markets.

Already more than 50,000 American companies are registered with the new computerized index. This response exceeds all our expectations, but we hope all of you will help us by suggesting to your business associates that they consider registering their companies in the new index.

This afternoon the members of the National Export Expansion Council will receive copies of a brochure prepared by West Penn Power Company, describing its contribution to the export program. Additional copies are available for luncheon guests. The Department is grateful to West Penn for producing this "how to do it" booklet. We hope it will encourage utility companies in other areas to undertake similar efforts.

It now gives me great pleasure to present the President's "E" for excellence in export service to the West Penn Power Company.

"E" Citation

West Penn Power Company, Greensburg, Pennsylvania

West Penn Power Company initiated the concept for utility companies to encourage and assist manufacturers to capitalize on foreign market opportunities. West Penn developed a comprehensive program incorporating the export promotion mission in the direct and continuing responsibilities of its sales representatives. This far-sighted program by West Penn Power Company has stimulated economic development within its service area, and reflects credit on management, employees and the American free enterprise system.

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UNITED STATES DEPARTMENT OF
COMMERCE
John T. Connor, Secretary — Washington, D.C.

Office of the Secretary

FOR A.M. RELEASE WEDNESDAY, OCTOBER 20, 1965

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR, PREPARED FOR DELIVERY BEFORE THE NEW JERSEY REGIONAL ADVISORY BOARD OF THE ANTI-DEFAMATION LEAGUE OF B'NAI B'RITH, ROBERT TREAT HOTEL, NEWARK, NEW JERSEY, 9:30 P.M. TUESDAY, OCTOBER 19, 1965

The honor you have accorded me should be the occasion, on my part, for feelings of gratitude, humility, and hope for the future. In fact, I do have all these feelings at this moment. But honesty compels me to say that I have other thoughts and emotions too.

One of these is a nagging doubt as to the real significance of this gathering tonight. I would like to share my thinking on this with you, because all of us here in this room tonight have a community of interest which transcends almost every other facet of our lives.

The questions in my mind can be summed up in this fashion: Why should anyone receive an award for actions that don't go an inch beyond the basic tenets that underlie our whole way of life? Why should anyone be honored for performance which is <u>not</u> above and beyond the call of duty?

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Why should he receive the praise of people whom he admires and respects -- when he is not breaking new ground, but simply following a document that is hoary with age, and that by now should have been enshrined in the annals of conservative political philosophy?

Finally, why should he receive special recognition for adherence to principles that are not only good sense, good religion, good neighborliness, good international relations, good government, and good mental health, but which are also good business? And I make this last claim not only as a former businessman, but also as Secretary of Commerce, a role in which I have seen first-hand that Americanism is good business.

None of us is so naive that we don't know the answer to these questions. They make us realize, however, that we have created special problems for ourselves by establishing our nation on moral principles as well as on political principles. Think how much easier life would be for some if the conscience and wisdom of our founders had not given expression to the principle: "All men are created equal." All of our shortcomings in human relations could be written off by simply shrugging our shoulders and saying that they were inherent in human nature.

We wouldn't have to feel that we were betraying our heritage when racial, religious, or ethnic discrimination flares to the surface of national life. But I think we all will gladly take the problems that come with living up to ideals. The victories won are that much sweeter, because the struggle is difficult.

But the questions remain. How long will we have to honor people for trying to adhere to the ideals that every school child repeats daily in the pledge to the Flag? Will we someday reach that happy stage when bigotry, intolerance and discrimination are a matter of interest only to social and cultural historians? Or will we always have these social illnesses in our midst, putting out one conflagration, only to see another spring up in a different place? A look at American history offers some grounds for support of both points of view.

Because the new world was settled, in part, by people who were trying to escape religious persecution, you might think that intolerance was a relatively recent development in the nation's life. But this is not the case. There were isolated incidents of discrimination even before the American Revolution. The first major outbreak occurred in the decades before the Civil War. This was when the slavery issue began to emerge, coinciding with the first large-scale immigration into America. Negroes, Catholics, Jews, and

aliens were all targets of this "Know-Nothing" era in history. Eventually, it subsided.

Another major outbreak occurred around the turn of the century, again during a period of great immigration from Europe. It's interesting to note that the immigration process brought into America not only the victims of prejudice, but also the perpetrators. The Christian arrivals frequently carried with them anti-Jewish prejudices from the old world.

During and immediately after the first World War, there was another round of bigotry and discrimination. Then in the nineteen-thirties, the Nazi doctrine found a few adherents in some quarters of America.

The period since the Second World War has given us cause for both hope and shame. Hope -- because all segments of society -- Government, religion, education, business, labor, and many other private interests -- have thrown their resources and their support into a massive drive to eliminate discrimination and prejudice. Shame -- because the last-ditch, reactionary struggles of a relatively small number of people have shown the nation and the world the depths to which human behavior can descend.

What we see then, looking at the problem in historical context, is a cycle of bigotry, now rising, now falling away, now focusing on one group, now on another. The pessimist would say that we are no better off today than we were during the times of the worse abuses. I see something different, however, in the long-term trend.

During each successive period of history, for each cycle of prejudice and discrimination, those who would distort the true meaning of Americanism have been operating off a narrower and narrower base of support. One hundred years ago, the persecuted minority fought a lonely battle. They could not always count on the support of Government -- state, local or Federal. They could not always count on the support of the newspapers. They could not always count on the support of community leaders. They could not always count on the support of religious and labor groups. They could not always count on the support of business. Too often, these groups stood silent, and by their silence lent a form of support to the actions of bigotry.

Today, the situation is quite different. Those who seek to perpetuate racial, religious, or ethnic hatred are on the defensive. We shouldn't let the startling newspaper stories, magazine pictures, and television newsreels blind us to the fact of the broadening acceptance, in all parts of the country, of the true meaning of Americanism.

This trend has affected the value of bigotry as currency in the market place of ideas. I see a distinct deflationary trend in this regard. Discrimination is being forced to the dark caves and hooded conclaves, where it can hide from the penetrating light of public opinion. Where it does appear in public, it frequently has to masquerade as something else. It is no longer respectable in our society. In short, bigotry, as a commodity, is traded largely in the black market, because the open, public marketplace of discussion does not provide sufficient bids or offers for that type of idea.

Can we ever look for a final victory in achieving our ideals? Frankly, I don't think we can. Not if we are talking about a complete and total victory. There are some who believe that the complete answer to the problem is education, and economic equality. Certainly, these are important factors, both from the point of view of the oppressed and the oppressor. But economic equality and widespread education do not guarantee total success, by any means.

Among Negro men, for example, at each level of educational attainment, the unemployment rate is significantly higher than for white men with the same amount of education. Furthermore, among persons with comparable education, Negroes are much more likely than whites to be employed at low-paying, blue collar jobs.

Obviously, good education and economic security for minority groups would have a significant effect in the field of human rights. But we should not delude ourselves into thinking that achievement of these goals will herald the new millenium. Human beings as a group contain the stuff of greatness. But there is another side of the coin, too. If everyone in the country had a Ph. D. and an annual income of $25,000, I suspect that sooner or later a few people would begin to feel that blue eyes, or a New England background, or some other "scientific" indicator of personality was not a very desirable trait. Then they'd form a club -- "For brown eyes only" and you can imagine where that would lead. In my own immediate family I'd be the only one barred from such a club!

So what we face is a continuing struggle. If this seems pessimistic, then consider that we're waging a long-term and successful campaign toward our own ideals. We won't be discouraged by set-backs, and we won't let our guard down when the particular kind of prejudice that bothers us is temporarily abated. The history of this age-old struggle goes as far back as the Old Testament, and is as up to date as the front pages of our newspapers today.

What sustains us in this battle is the knowledge that America has solved one of its most difficult problems of prejudice and discrimination, simply by managing to remain viable as a country, with a more heterogeneous stock than any other nation in history. Earlier this month, when President Johnson signed the Immigration Bill, in the shadow of the Statue of Liberty, he said, "America was built by a nation of strangers. From a hundred different places or more, they have poured forth into an empty land, joining and blending in one mighty and irresistible tide. The land flourished because it was fed from so many sources -- because it was nourished by so many cultures and traditions and peoples." And, he paid deserved tribute to both Democrats and Republicans who had fought for passage of this landmark piece of legislation.

We take this ideal for granted in the United States. But the concept of equality for all races, religions and ethnic groups is not universally accepted. Look around in the world today. What is at the root of the troubles with respect to the Arab world and Israel, India and Pakistan, Cyprus, some parts of Africa? Are these simply manifestations of legitimate nationalism? A deeper look indicates that the problems have racial, religious, and ethnic bases, dating back long before the present political conditions brought them to the surface, reflecting, in some cases, the prejudices of centuries.

This sickness comes from a human virus that can cross national boundaries with the speed of light. We saw this evil reach epidemic proportions three decades ago, when a great nation, through internal weaknesses, succumbed to the horror of Government-sanctioned, racial hatred, culminating in genocide. One might think that the world, having lived through that terrible period, would have purged itself forever of the disease. Unhappily, this has not been the case, because bigotry dies hard, and its germs can lay dormant for a long time, awaiting the right conditions for growth.

Maybe that is one key to the solution -- the conditions under which bigotry can flourish. Perhaps we should devote a little less attention to the bigot himself, and devote a little more thought toward creating those conditions which will make it impossible for him to function. Because intolerance is not an either/or situation. The problem exists along a broad spectrum of behavior, from the vindictive joke to the most terrible of crimes. And there has to be a climate of opinion which will sustain each shade of intolerance, or it would not -- and could not -- flourish.

We would certainly consider our country to be at the very apex in civilized behavior. But one mark of civilization is the degree to which society will tolerate unorthodox thought and behavior. A recent Harris survey is an eye-opener in this repsect. The heroes of books and movies may be rugged individuals, who speak their own minds, and stand apart from the crowd, but this type of person is not always considered a hero in real life.

People were asked whether certain types of nonconformity were more helpful or more harmful to American life. More than two-thirds of the respondents think that civil rights demonstrators are harmful to American life.

As a lawyer, I was distressed to learn that 34 per cent of the people regard lawyers who defend notorious criminals as harmful to the country. I don't know how we square this with the traditional values in our system of jurisprudence. And I am only partly relieved by the fact that a greater percentage regard as harmful to the country women who wear Bikini bathing suits.

To disagree with someone has always been accepted an essential right in our way of life. To say that unconventional views or behavior are harmful to the nation is quite a different thing.

Lately, we have seen this trend carried to a further extreme. I am referring to the practice of taking action outside of the traditional, proper, and legal channels, against people whose ideas, policies or practices offend our sense of what is right. A recent example has been in the news lately -- concerning the importation by American companies of tobacco from Yugoslavia.

Certain organized groups, using economic pressure, have sought to forbid American companies from purchasing tobacco from Yugoslavia. The substantive bases for their objections to this trade are not really germane. Nor does the issue center on their constitutional right of freedom of speech, or their right to petition the Government for redress of grievances.

The issues in this matter lie at the very heart of the American way of conducting public and private business. Congress has passed laws, and the Executive Branch has issued regulations to asure that no trade detrimental to our national security and welfare is carried on with any Communist country. For some countries, trade is completely prohibited, except for minor humanitarian items.

With the countries of Eastern Europe, including the Soviet Union, and of course, Yugoslavia, commerce in peaceful goods is regarded by the Government as completely compatible with the national interest. Tobacco clearly falls within the definition of peaceful goods.

The Constitution states that the conduct of foreign affairs rests with the President, who periodically stands before all the people for election. Laws on trading with other nations are the responsibility of the Congress, all of whose members also stand before the people in elections, where they, like the President, are judged on their actions or on their positions.

What we have, then, is private groups, accountable to no one, seeking to intimidate American businesses legally engaged in economic activity that is consistent with the expressed policy of the nation, as defined by our elected officials. These groups and individuals have the legal right to say what they think in this matter. But the Government reserves the right to label their actions as irresponsible, and to commend businessmen who refuse to submit to such intimidation. The alternative, as I see it, would be a foreign policy based, not on the consensus of the people expressed in laws adopted by the Congress and signed by the President, but on private opinions and on prejudices expressed so as to do economic harm to those who abide by the laws. This alternative I, for one, wholeheartedly reject.

I would like to emphasize that these latter problems, difficult as they may be, are at the brighter end of the spectrum. They derive from an intolerance of other points of view, which is a far cry from intolerance of other people. Neither position, however, is in the traditional American ideal.

Typically, the group or individual who is opposed to others on the basis of race, religion, or national origin, bases his position on patriotism, and frequently this is coupled with a ringing defense of the Constitution. On the other hand, the legal basis for much of the Governmental action in protecting civil and human rights is also found in the Constitution. It is a cynical abuse to claim the shelter of the Constitution when there are benefits, and to ignore it when there is disagreement.

Anyone who uses the Constitution to defame, attack, or injure any individual or group, is what we might call a "Part-time Constitutionalist." That is, he uses those words, those phrases, those clauses, those interpretations which give his conscience the least trouble when he tries to reconcile his beliefs with the great consensus of the majority of people expressed in the law of the land.

The Part-time Constitutionalist finds that the Constitution is a convenient document, at times, although he would not want to regard it as permanently and totally binding. To the Part-time Constitutionalist, Americanism, in its full and literal meaning, is a nice place to visit, when it suits his convenience, but he wouldn't want to live there -- not if it means living up to the ideals which have given this country a unique place in history, and a unique role in the modern world.

I think we should make it very plain, by our deeds and by our words, that what we have in this country is a Full-time Constitution. We should make it clear that the patriotism we value is an all-inclusive patriotism, not an exclusive brand.

Part of our strength and security in the world today -- a world composed of scores of different nations, different languages, different religions, different cultures, different races, -- is based on unity--and a unity achieved within diversity -- which has characterized our country throughout history.

On the other hand, bigotry, prejudice, and discrimination tend to divide us and to weaken us. And these unfortunate consequences are not only spiritual in nature, they are also material. They are measured not just in broken hearts, but in empty pockets -- everyone's pockets.

It has been reliably estimated that racial discrimination alone costs the nation billions of dollars a year. We should try to eliminate that discrimination as an economic objective alone. And it is not only the victims of discrimination who pay the economic penalty. Everyone pays, in the form of higher public costs, a narrowing tax base, the decay of central cities, the erosion of entire neighborhoods. In other words, discrimination and prejudice tend to drag down the entire economic life of the nation.

This is a lesson that I don't have to point out to people from New Jersey. The Garden State has one of the highest population densities of any state in the nation, though the people are "dense" in no other respect. The population is composed of just about every nationality that ever came to America. All of the races and religions are found here. The New Jersey economy has important segments in manufacturing, services, and agriculture. This is a great exporting state serving markets all over the world. You are in the forefront of the nation's technological advance.

In other words, New Jersey is really an America in microcosm -- with all the variety, complexity, interdependence, and yes, all of the problems that are challenging the nation in the second half of the twentieth century. But New Jersey also possesses the strength, the resources, the imagination, and the leadership to solve these problems. Based on the years spent living among you in New Jersey, I have great confidence in your ability to continue to match material progress with human progress.

And for the great honor you have done me tonight, I want to thank you all, most sincerely.

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UNITED STATES DEPARTMENT OF

COMMERCE

John T. Connor, Secretary — Washington, D.C.

Office of the Secretary

FOR RELEASE AT 11:00 A.M. MONDAY, OCTOBER 18, 1965

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR PREPARED FOR DELIVERY AT THE OPENING OF THE "PROGRESS OF INDUSTRY THROUGH PATENTS" EXHIBIT IN CONJUNCTION WITH THE 175TH ANNIVERSARY OF THE U.S. PATENT SYSTEM, MAIN LOBBY, DEPARTMENT OF COMMERCE, WASHINGTON, D.C., 11:00 A.M., MONDAY, OCTOBER 18, 1965

I take pleasure and pride in opening this impressive exhibit on "The Progress of Industry Through Patents." With this action, we begin the International Assembly commemorating the 175th anniversary of the United States Patent System.

I take pleasure also in welcoming you to the Department of Commerce, of which our Patent Office is an important part. We are especially honored by the presence of so many distinguished visitors from abroad, and I am sure that our discussions in the Assembly will be of mutual benefit and enlightenment.

The vital role our Patent System has played and must continue to play in America's technological and economic development is set forth in the statement by President Johnson which appears in the printed program for this exhibit. I can do no better than to quote from it. The President begins by saying:

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"The United States Patent System plays a major role in an intellectual achievement of our era that is without parallel. Never before has man unlocked so many secrets of nature and applied the acquired knowledge with such beneficial effects to mankind. The nation's gratitude is owed to the creative and ingenious work of the inventor and to others involved in the patent process -- the attorney, the agent, the patent examiner. It is also owed to the initiative and enterprise of American business, which translates inventive ideas into products and processes that spur the economy and enrich our national life."

And the President concludes -- in accordance with the theme of this Assembly, "A Critical Look at the Patent Future" -- by saying:

'But the challenges ahead are even greater. We have no corner on the inventive process, and the competitive world struggle intensifies with every passing year. In order to maintain our lead, we must continually improve our Patent System and enhance its usefulness as one of the greatest instruments for progress that man has ever conceived."

Yes, as the inscription on our National Archives Building here in Washington reads: "The Past is Prologue."

There is a well-known American saying: "If a man builds a better mousetrap, the world will make a beaten path to his door." And it is generally attributed to Ralph Waldo Emerson, an eminent New England philosopher of the 19th Century.

If he had actually said that, I would really question his wisdom -- but I find to my relief that he did not. He wrote something similar -- but not using the word "mousetrap" and clearly not applying to inventions -- back in 1855. Over half a century later, someone devised the "mousetrap" saying and attributed it to Emerson -- to give it greater "specific gravity," as he put it.

So -- as happens to all of us occasionally -- Emerson was misquoted.

The fact is that, if someone invented a better mousetrap and waited for the world to beat a path to his door, he would wait a long time, perhaps forever.

An invention by itself is like a seed without the soil, water fertilizer, and cultivation that make it grow and blossom and bear fruit.

Usually a good deal of money -- often a great deal -- has to be invested to develop it and make it market-worthy. A great deal more has to be put into the plant to manufacture it, and into promoting and marketing it.

In this long and costly journey from the mind to the marketplace, the patent is an essential link. It provides the security which makes it possible to risk the heavy investment required.

Yes, the Patent System has served us well in the past -- but it can serve us even better in the future.

The System, which has undergone virtually no basic change in the past 175 years, was designed for an essentially agrarian economy, in which most of the new technology introduced was comparatively simple and came at a gradual pace.

Today, all this is radically changed. Technological innovations, employing the most intricate techniques, are coming forward in great and constantly increasing volume.

The individual inventor still remains an important part of our patent community, but most of our new products and inventions are the result of a growing research and development effort by corporations and government.

The world patent situation is also a major concern of American industry. About half the 520,000 applications filed around the world originate in countries other than the United States. Most of these filings are duplicated in several countries. If this duplication of effort could be reduced through international cooperation, there would be substantial savings in time, effort, and money. Moreover, the resulting facilitation of the spread of technology would act as a spur to world trade.

In view of the drastic governmental and other changes since 1790, we are conducting -- through an Advisory Committee composed of outstanding people -- a thorough review of our Patent System to

determine whether changes are required in it. They -- and we -- will therefore follow with particular interest the discussions in this Assembly for the light they may cast on these problems.

In conclusion, I wish to compliment Commissioner Brenner, the Honorary Committee members, the sponsoring organizations, and the members of the Commemorative Committee for their tireless and effective work in arranging this Exhibit and this International Assembly. I am confident that the results will justify all the time and energy they have put into it.

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UNITED STATES DEPARTMENT OF

COMMERCE

John T. Connor, Secretary — Washington, D.C.

Office of the Secretary

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR PREPARED FOR DELIVERY BEFORE THE VICE PRESIDENT'S NEW ENGLAND CONFERENCE OF MAYORS AND CHIEF ELECTED OFFICIALS, THE JEWISH CENTER, NEW HAVEN, CONNECTICUT, 1 P. M. THURSDAY, OCTOBER 21, 1965

It is a pleasure to be here with you, to have the opportunity to find out what is on your minds, and to answer your questions to the best of my ability.

The Vice-President, in his gracious introduction, has given you a little background about me -- seen through rose-colored glasses, of course.

Today's conference illustrates the increasingly effective partnership we are developing between your government at the state and local levels and the Federal Government.

And I'm glad to note that this partnership is helping New England both contribute to, and share in, the general prosperity the entire nation is enjoying. Unemployment in this region is below the national average; department store sales are well ahead of 1964; construction contract awards follow very closely the national pattern; commercial and industrial loans have shown a modest growth from month to month; and the manufacturing index has been steady in recent months.

In addition, New England's per capita personal income is higher than that for the nation as a whole, and its outstanding consumer installment debt is lower.

Several interesting developments hold promise for the future. I know that industrial parks in Massachusetts, Connecticut, Rhode Island, Maine and elsewhere are in various stages of completion.

I am also gratified that the U. S. Department of Commerce is involved in some of these developments. Our Maritime Administration, for example, helps carry out the provisions of the 1964 Fishing Fleet Improvement Act, which should bring a sizeable expansion of New England's fishing fleet during the next five years. This will reverse the 350 vessel decline suffered between 1953 and 1964.

Of course, the Commerce Department's Bureau of Public Roads has been involved for many years in the long range economic development of New England through various Federal-state cooperative highway building programs.

The magnitude of the program we are undertaking in this region is suggested by the size of the expenditures the Federal Government and your six state governments are making in the Interstate Highway System. In New England you are well along in this program. At the close of the last fiscal year you had completed projects valued at nearly $800 million -- with another $540 million worth underway or authorized.

And, while we have been building the Interstate System during the past nine years, the Federal Government and your states have invested almost another $1.2 billion in the secondary highways under the ABC program.

Nationally, our modern highway system is making it possible for us to foster economic growth in terms of a large area rather than through a single, isolated community.

And this concept is fundamental to the Economic Development program recently enacted by the Congress. The new Economic Development Administration will emphasize working through Development Districts so that the benefits from new industries will flow to an entire area. This will also mean, in turn, that new plants can more readily draw upon skills and resources of a large economic area.

This program is just getting started, but we hope to be processing the first requests for assistance by about the first of December, and the new agency should be in "high gear" by the first of the year.

EDA is one more weapon in our battle to help slower-growing a reas share in the unprecedented prosperity we have enjoyed nationally in the past five years. We mean to put it to good use -- in the shortest possible time.

Bascially, these new weapons consist of financial planning and technical assistance to redeveloped area, districts and regions.

There have been suggestions that a New England Regional Commission be established under EDA. Several members of the New England Congressional delegation endorsed this proposal during the EDA hearings.

As we all know, a number of traditionally New England industries -- textiles, shoe manufacturing, furniture, jewelry, others -- face problems whose solution can best be achieved through a regional approach.

New England has its special problems to be sure, and the new EDA program can help in their solution.

But the key word is partnership. The ideas, the planning, the initiative in building our regions and local areas must come from community leaders -- from municipal leaders such as you in this room. We in Washington can help -- but we can do only part of the job. A part of the remainder is up to you and the state officials, and a large part is up to private industry, operating in the beneficial environment that you can help provide.

I know you will have many questions as to how these programs can help strengthen your communities. With me today is the Federal Highway Administrator, Rex Whitton, and from the Economic Development Administration is Hal Williams, the deputy administrator.

Thank you.

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UNITED STATES DEPARTMENT OF
COMMERCE
John T. Connor, Secretary Washington, D.C.

Office of the Secretary

FOR RELEASE AT 3:00 P.M. MONDAY, OCTOBER 25, 1965

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR PREPARED FOR DELIVERY BEFORE THE NATIONAL DEFENSE EXECUTIVE RESERVE CONFERENCE, DEPARTMENTAL AUDITORIUM, WASHINGTON, D.C., 3 P.M. MONDAY, OCTOBER 25, 1965

I am pleased to be with you this afternoon, not only to have a chance to talk with you, but to express our thanks to you for giving so generously of your time, energy, and talents as members of the Executive Reserve. I also want to convey our thanks to your companies for making your services possible. This is an excellent example of the kind of close cooperation between business and government which President Johnson, the entire Administration, and I personally are dedicated to maintaining and expanding.

There is a well-known line of the poet John Milton which runs: "They also serve who only stand and wait." In a sense, you have been waiting, but you have not been standing idle. Rather, you have been preparing yourselves to serve the nation as members of the Government in the event of a national emergency. At the time of the Communist attack on Korea 15 years ago, I am told, it took the Department of Commerce more than a year to staff fully the National Production Authority. In future emergencies, we cannot

afford anything like that much time. Fortunately, because of the existence of a well-trained, experienced Executive Reserve, we shall be able to move much faster in the future if the need should arise.

I have been asked to speak about the American economy. I can summarize what I have to say in a sentence -- it is good, it is getting better, and it is capable of underpinning, without serious strain, any reasonable expansion of our military efforts in Vietnam on any scale now foreseeable.

As you know, we are in our 56th continuous month of economic expansion -- just four months short of five years. Our Gross National Product is running at an annual rate of $677 billion. Industrial production is up 6-1/2 per cent from a year ago. Plant and equipment expenditures this year will probably run about 13 per cent over last year. Employment is about 72 million, and nearly six million new jobs have been created during this current expansion. Unemployment is down to 4.4 per cent of the civilian labor force, the lowest rate since 1957. Personal income is running at an annual rate of over $535 billion, $34 billion over last year. Farm income is up 14 per cent from four years ago. Corporate profits after taxes are up $7.5 billion from last year, a 20 per cent rise.

These gains, therefore, have been shared by every major economic segment of our community -- business, agriculture, and labor. Moreover, they have been real gains, not just on paper. The wholesale price index stood at 103 in September, taking the 1957-59 average as a base of 100, and it is only 2 points up from where it was in the first quarter of 1961. The consumer price index stood at 110 in August, again from a 1957-59 base, and has gone up only 1.2 points from the same month last year, and 6.2 points from January, 1961. During a period of vigorous and sustained growth, we have contained inflation more effectively than other major industrial countries.

The Department of Labor has recently published an analysis which helps account for our excellent industrial price record of recent years. It finds that labor costs per unit of output in manufacturing in 1964 were no higher than in 1960. And this good record appears to be continuing this year. According to the Bureau of the Census, labor costs this August were the same as a year earlier, following small declines last winter and a small rise in August.

It may be of interest to compare this record with that of other nations. During the past four years, unit labor costs have gone up 10 per cent in the United Kingdom, 13 per cent in Japan, 17 per cent in Germany, and 23 per cent in France. Only Canada has registered a record in this respect which matches that of our economy.

The primary credit for the excellent performance of our economy belongs to the American people as a whole -- to our businessmen for their competitive vigor, imagination, and initiative; to our workers for their skills and efficiency; and to our farmers for leading the world in productivity.

I think it is fair to say that Government has done its share, too -- as it should.

In the first place, I think we have pretty well laid the ghost of that hostility and suspicion which haunted relations between government and business for much of this century. Their interests do not always coincide -- we haven't reached utopia yet -- but they don't collide as often as they once did. We have found that we can accomplish much more working with one another rather than against one another, and that such cooperation is of great mutual benefit.

Second, government has helped to spur and maintain economic expansion. Perhaps the most important, and certainly the most unprecedented, measures it took were in the field of fiscal policy. The massive tax cut of 1964 has proven to be a massive success--and is almost universally accepted as such. The early reports on the excise tax cut of June are equally promising. According to a recent survey by the

Bureau of Labor Statistics, 90 per cent of that tax cut was passed on in lower prices by mid-August, and this higher purchasing power is being converted into increased sales.

Another major contribution that Government has made is in setting forth guideposts for wages and prices. They have not been universally honored -- certainly the precise formula is not universally accepted. But the general concept has been accepted and understood, and has influenced the climate in which private decisions are made.

There were some widely advertised wage settlements this year which seemed to exceed long-term productivity trends, but it is worth bearing the following points in mind. First, the figures given out by the parties at the time of the settlement are sometimes subject to different interpretation and subsequent changes. Second, average hourly earnings in manufacturing in September were only 3.3 per cent higher than last year. Third, the biggest settlement this year, the steel contract affecting 400,000 workers, was -- taking into account the entire 39-month period involved -- exactly in line with the guideposts. This gives promise of continuing stability in labor costs.

Perhaps the most significant ingredient in this continuing expansion has been the maintenance of balance in our economy, and this becomes increasingly important as we approach our full productive potential. Balance provides the soundest basis for the future. It assures labor that its gains are genuine, and not simply a mirage. It encourages business to make long-range investments in research and development and in new plant and equipment. It permits the orderly change and adjustment that accompany progress. However, balance must come through the free play of the thousands and thousands of productive and competitive factors in our pluralistic society, not through the centralized authority of a monolithic government.

One extremely vital balance we are working hard to achieve is that in our international payments. I have had a great deal to say on that subject in many other forums, and I'm sure you're aware of my views.

I have described this balance of payments problem as "serious," as "urgent," and as "critical" -- and I have called it "the most important single problem we have." I have said that its solution is absolutely vital to our national welfare -- and if I could think of stronger words to use, I would use them.

* * *

So much for the record of recent years. Now for a look at the future, including the effect of Vietnam on our economy.

Recently, there has been renewed talk of the threat of inflation. So let's look at that for a moment.

In the last 12 months, wholesale prices have gone up by 2.3 per cent. Over half that increase was in food prices. The Department of Agriculture assures us that most of these increases are behind us, and that we can expect food prices to remain roughly stable for the rest of the year.

Industrial prices rose by 1.5 per cent in the last twelve months, with the largest increase coming in the last quarter of 1964, when producers' prices of the major non-ferrous metals rose. In this calendar year, industrial prices are up by 0.8 per cent, with the increases concentrated in the secondary and scrap markets of nonferrous metals, in hides and leather, and in scattered increases on machinery and chemicals. This summer, industrial prices seem to have settled down again, and their increase in the last two months is just 0.1 per cent.

What about the underlying forces that make prices move? There is no evidence pointing to excess demand. The operating rates of industry are up to 90 per cent, but that is still two points below the "preferred" rate for manufacturing.

The growth of manufacturing capacity has been very vigorous, and in this respect we are drawing dividends from the government fiscal policies of recent years which have stimulated investment. In 1962 there was an administrative reform of business tax write-offs for depreciation. In the same year an investment tax credit was enacted, designed particularly to reward companies with a high rate of investment in expansion and modernization. The Revenue Act of 1964 produced a $2.7 billion reduction in corporate income taxes and a further liberalization of the investment tax credit. And this year the depreciation rules were further liberalized.

Responding to the new fiscal incentives and to the accelerating increase in demand, business investment has shown a sustained but balanced expansion that gives no sign of tapering off. From 9.3 per cent of Gross National Product in 1958-63, investment rose to 9.6 per cent in 1964 and to 10 per cent this year. Recent evidence, both from the National Industrial Conference Board survey of capital appropriations and from private surveys of investment plans, points to a continuing sharp rise in investment in 1966. In the light of this, the fears that some have expressed of the development of inflationary bottlenecks in plant capacity seem unfounded.

We still have certain reserves of labor to draw upon, as well -- although we are running into shortages of skilled workers in some industries and some parts of the country. Current unemployment, at 4.4 per cent, is still 0.4 per cent above the rate of 4 percent set by the Council of Economic Advisers in 1961 as an "interim" target. A substantial proportion of the unemployed consist of Negroes and of workers without adequate and needed skills. As I have often said before, equal opportunity for Negroes is good business as well as good morals. Our various retraining programs can upgrade the skills of presently unskilled workers. In both these ways, we can help forestall the appearance of manpower bottlenecks of a potentially inflationary character.

In my judgment, and that of my colleagues in the Government, the facts and trends which I have outlined indicate that the economy can absorb the impact of stepped-up expenditures due to Vietnam without serious difficulty. There is no real comparison with the effect of the Korean War fifteen years ago. While defense spending rose from 5 per cent of GNP in 1950 to 10 per cent in 1951 and 13 per cent in 1952, it has been a declining percentage of output in recent years. It has fallen from 8-1/2 per cent of GNP in 1963 to 7-1/2 per cent in the first half of this year, and the situation is not likely to change in the coming months.

Economically, things are going smoothly now, and I don't presently see the need either for a touch of the accelerator or a flick at the brake. I am inclined to doubt that there will be any tax cut proposed next year -- although the final review and decision must await the completion of the Federal budget for the coming fiscal year. It now seems clear that the cost of the new legislative programs will push the budget over the $100 billion level, in spite of the President's determined efforts for economy.

I conclude by repeating what I said in the beginning -- the state of this American economy is good, it is getting better, and it can take Vietnam -- where the tide now seems to be turning in our favor -- in its stride.

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UNITED STATES DEPARTMENT OF
COMMERCE
John T. Connor, Secretary Washington, D.C.

Office of the Secretary

FOR RELEASE AT 12:00 NOON, THURSDAY, OCTOBER 28, 1965

REMARKS BY SECRETARY OF COMMERCE JOHN T. CONNOR PREPARED FOR DELIVERY TO THE BUSINESS EQUIPMENT MANUFACTURERS ASSOCIATION, NEW YORK HILTON HOTEL, NEW YORK CITY, 12 NOON THURSDAY, OCTOBER 28, 1965.

It is a pleasure to be here with you today, and to have had the opportunity to see something of your most impressive 7th annual exposition.

You have asked me to tell you what the business equipment industry can do to improve the climate for business at home and abroad. I really doubt that I can say anything that you do not already know.

Yours is one of the most progressive and go-ahead industries in America. As a firm believer in competition, I think it no coincidence that it is also one of the most vigorously competitive. Technologically, you lead the world in your field, and your companies are equally outstanding in the degree of expertise they bring to bear on marketing, on investment policy, and on planning for the future generally. You are not only internationally-minded, but you have shown great skill in conducting business in many countries throughout the world. To do so has required an attitude of understanding

and flexibility to take local circumstances and sensibilities into proper account.

So far as our own American economy is concerned, I can say that, if your industry did not exist, it would have to be invented. I do not think we could possibly carry on modern business -- or modern government either -- without the highly sophisticated data processing systems, office machines, and business equipment which you manufacture.

It is in good part thanks to your products that your Federal Government has been able to service an expanding population and economy with hardly any increase in its civilian payroll. In the ten years between 1954 and 1964, the number of Federal civilian employees increased only 3 per cent -- an average of 0.3 per cent a year. During that same period, our population increased by 18 per cent and our G.N.P. -- in constant dollars -- by 42 per cent.

I believe that modern business equipment -- and particularly computers -- fulfill an even more significant function than economy in manpower, important as that is. And because I think too few people are aware of this function, I want to say a few words about it now, and give credit where credit is due.

The French have a saying. "To govern is to choose." During my own experience in Government I have found this to be profoundly true. The decisions that come to a President, or even to a Cabinet member, are complex and difficult ones -- if they were easy, they would not demand his personal attention. A decision-maker needs all the relevant facts, as promptly as possible and assembled in a form that he can use. Thanks to modern computers and data processing systems, we in Government are better equipped to make decisions than any of our predecessors. I might add that, when we make mistakes, we will no longer be able to blame them on lack of information.

As you know, the Federal Government is a consumer of automatic data processing on an enormous scale. The annual cost to the Government of using electronic digital computers for all purposes has been estimated at approximately $3 billion, and is growing rapidly each year.

In order to get the maximum benefit from these expenditures -- and, hopefully, to keep them from getting out of hand -- we have established a Center for Computer Science and Technology at the National Bureau of Standards. We in the Department of Commerce

are particularly pleased at our good fortune in getting so highly qualified a man as Norman Ream, whom many of you know, to head this Center.

Ours is a free enterprise economy, and it depends for its effective functioning on millions of decisions made each year by many thousands of business executives. The sounder these decisions are -- and that usually means the better-informed -- the more helpful they are to our economy. Computers, with their great capacity for storing and manipulating information, can and do play a major role in arriving at such decisions.

To cite one example, the size of inventories has been a significant unsettling factor in the past. At some periods, manufacturers over-stocked, sparking an unhealthy inventory boom; at others, they stopped buying or unloaded stock, setting off an inventory recession. Nowadays, because of technological progress in inventory management, including the extensive use of computers, this happens much less than it used to.

In general, the quality of corporate planning has much improved in recent years. Most large companies have developed a highly professional planning ability, using skillful statistical

projections of market potentials and applying sophisticated investment criteria to decision-making. The companies in your industry have not only set an outstanding example of performance in this regard; you have also provided other industries with the highly sophisticated equipment they required to do likewise.

We are now in our 56th month of continuous economic expansion, the longest peacetime expansion in history. The primary credit for this achievement belongs to the American people -- to our businessmen, our workers, and our farmers. But I want to say here and now that the widespread use of computers has contributed very materially to this result.

Indeed, I believe that the most important contribution your industry can make to the business climate here at home is to keep on doing what you have done, and to do it even better. The better the machines you devise, the more widely you make them available, and -- sales managers, please note! -- the more businesses make use of them, the better off we shall all be.

I turn now to the international business scene. As you might expect, I want to speak about the voluntary balance of payments program for American business for which the Department of Commerce has primary responsibility.

foreign spending and dollar outflows to minimize the impact on our balance of payments. At the same time, I told them I saw no need to give consideration to any mandatory controls or any approach other than a voluntary one.

In order to maximize balance of payments contributions in the final quarter of this year, I asked the corporate executives to make further reductions in short-term assets held abroad. While many companies have either eliminated or substantially reduced their holdings of foreign liquid funds, others are still holding large amounts, and I have urged these companies to make reductions. I have also asked for a close review of the amount of liquid funds held by foreign affiliates to see if these funds could be reduced to permit larger transfers to the United States.

I assure you that I fully appreciate the value of direct American investment abroad. In the long run, it benefits the United States by stimulating more rapid expansion of world trade. It enables our firms to maintain foreign markets which they might otherwise lose completely if they relied only upon export sales from their American factories. It results in a substantial return flow of income and royalties to the United States. Last year, in fact, the net inflow or surplus from direct foreign investment was nearly $1.4 billion, a significant plus factor in the balance of payments.

Moreover, direct investments are responsible for a very important proportion of our exports. According to a study made by the Department of Commerce, foreign affiliates of American firms imported at least $5 billion worth of U.S. goods in 1963. This was about 22 per cent of all U.S. exports that year and 34 per cent of total exports of manufactured products.

I recognize that this program calls upon the American business community for very real sacrifices -- although sacrifices which are limited in magnitude and duration.

I want to make it clear here and now that every American, whatever his walk of life, has a responsibility to help set our balance of payments to rights. I am therefore very pleased that the Advertising Council of America is conducting, as a public service, a nationwide campaign to alert our people to the problem, so that all can pitch in and do their share.

Obviously, the best way to solve the problem is the positive way -- to boost our exports to other countries and to attract more tourists from abroad. I have spoken at other times and occasions on both these subjects, and I shall not dwell upon them here -- except to commend your industry for its 20 per cent boost in exports between 1963 and 1964, and for the continuing expansion of your exports this year.

For the time being, however, our current prosperity and the contrasting economic slowdowns in the rest of the world tend to narrow our trade surplus and widen our "tourist gap." So we, and by "we" I mean everyone, must keep in mind the need to reduce the dollar outflow -- all the way from the teacher who is deciding where

to spend her summer vacation to the corporation executive reviewing this year's and next year's outlays on new plants in Europe.

I assure you that we in Government are practicing what we preach, and are working hard and persistently to reduce our dollar outlays overseas. Here, for instance, is what has been accomplished in cutting economic aid and defense expenditures abroad.

In the calendar year 1964, fully 80 per cent of our economic aid expenditures were tied to purchases of American goods, and therefore did not go abroad as dollars. Taking into account repayments for past assistance, the net dollar outflow in aid last year was only $250 million. This year, fully 85 per cent of new aid obligations are being committed for direct expenditure in the United States.

The President has concluded that the small remaining element of offshore expenditures under the aid program is a cost to our country which is far outweighed by the benefits that will accrue from the achievement of economic and social progress in the less developed countries -- the same considerations as underlie the encouragement the Government continues to give to direct American investment in these countries.

An equally impressive record has been registered by the military. In fiscal year 1965, their dollar expenditures overseas were reduced by about $150 million below the level for fiscal 1964, despite the American military buildup since February 1965 in support of South Vietnam. In addition, as you know, the Department of Defense has substantially boosted its dollar sales of military equipment abroad.

Dollar expenditures abroad were reduced through such measures as the application of a 50 per cent price preference for American goods; the closing of unneeded overseas bases and the consolidation of others; and the adoption of special procedures to reduce the foreign exchange cost of overseas construction programs -- for example, the use of pre-fabricated housing.

However, in view of the increased military activity in Vietnam, we can expect an increase in military expenditures in fiscal year 1966, despite the strong and continuing emphasis on holding these expenditures down.

Not all Americans, of course, will be able to play a part in solving our balance of payments problems -- nor will some who are able to actually recognize their responsibilities and act to fulfill them.

Much is expected, however, of those to whom much is given. American business has benefited greatly, in terms of sales and corporate profits, from the current economic expansion. No element of our community has a greater stake in its going on with full vigor.

From time to time, rather drastic remedies are suggested for the balance of payments problem -- remedies which might halt or reverse our current economic expansion. In this connection, I am reminded of a question put by the President to my colleague, Secretary of the Treasury Henry H. Fowler:

"Why won't people stop, look, and listen, and count three before taking steps that would change the favorable mix of economic policy that has characterized this balanced expansion?"

I believe that people like yourselves, who are accustomed in your own business to think and plan ahead, will have no doubt about the answer to that question. I hope that you will continue to support and advocate close cooperation between business and government -- cooperation not only in helping the economy to continue its vigorous growth, but also in the occasional sacrifice of short-term advantages which may be necessary for the long-term good.

That is what is involved in our voluntary balance of payments program. I am confident that enlightened businessmen like yourselves will go on seeing it that way and act accordingly.

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UNITED STATES DEPARTMENT OF
COMMERCE
John T. Connor, Secretary — Washington, D.C.

Office of the Secretary

FOR RELEASE AT 1:30 P.M. FRIDAY, OCTOBER 29, 1965

ADDRESS BY SECRETARY OF COMMERCE JOHN T. CONNOR PREPARED FOR DELIVERY AT THE SCHENECTADY INTERNATIONAL DAY LUNCHEON, HOTEL VAN CURLER, SCHENECTADY, NEW YORK, 1:30 P.M. FRIDAY, OCTOBER 29, 1965

Someone once said that all the knowledge in the field of economics could be summed up in only nine words. Since economics is always in the news, particularly in the town where I work, and since economists are rising to positions of great importance in national life, I'm sure you'll be interested in those nine words. I do have some qualms about telling you, because of the nature of the occasion that brings us together today. I'll take a chance, anyway, and let you all in on this vital information. Here are the nine words: There is no such thing as a free lunch.

Now, it's never been clear to me whether the lesson is supposed to have more meaning for a luncheon speaker or for a luncheon audience. I suggest we join forces, and consider that the lesson can apply to all of us. If I read my economics correctly, the nine words tell us that there is a cost-benefit relationship in everything we do.

This lesson holds true for General Electric, as a corporate institution. It holds true for Schenectady, as a city. And it holds true for the United States as a nation. And there isn't as much difference in these three examples as you might imagine at first glance.

In all three cases, there are assets or resources on the one hand, and obligations or liabilities on the other. In all cases, there are certain objectives that are considered desirable or necessary to attain. The corporation is organized for the purpose of producing goods and services to meet people's needs -- and in the process creates profits for investors and paychecks for the workers. The city is organized for the purpose of providing the physical and social environment in which its citizens can successfully function. The nation has much broader obligations, both in terms of its own citizens, and in terms of other people and other nations throughout the world.

Of course, it's not a simple question of weighing the assets against the liabilities and coming up with a predetermined answer -- spelling out success or failure. Almost as important as our resources is the question of how our resources are used. Intangibles play an important role: company spirit, industry-labor cooperation, civic pride, national character.

One of the most important intangibles is knowledge: Knowledge of how to run a business successfully. Knowledge of how a city should be administered. Knowledge of how to take the appropriate economic and fiscal actions at the level of national Government.

Perhaps because it is intangible, we tend to take knowledge for granted. Yet, the production and distribution of knowledge is really a major segment of economic activity in our advanced society.

This fact becomes more apparent when we take a look at the developing nations of the world. Typically, the great bulk of effort, both on the level of the individual and on the level of national affairs, is devoted to simply obtaining food, shelter, and clothing -- the fundamental human necessities. These activities become all-consuming tasks in the economic life of emerging nations.

Look at how different the situation is for our country. We also need to meet the basic human necessities, but very few people are directly engaged in these fundamental pursuits. Less than five million workers grow enough food and more, for a population of 195 million. This fact alone demonstrates conclusively the triumph of knowledge -- technical know-how -- in meeting the most elemental human need.

What does the rest of our work force do? Well, it produces goods and services, but even here, less than half of our workers are engaged in manufacturing industries. Most of our workers are engaged in the service fields, where knowledge is frequently the only thing that is transferred between buyer and seller. Even in manufacturing, the technological content of today's products is higher than ever before, and this technological content represents the end product of knowledge -- research and development knowledge, design know-how, and production skills.

One researcher in this field estimated, a couple of years ago, that the knowledge industry -- in its broadest sense -- accounted for $200 billion a year, and employed about 24 million people. Obviously, he did not define industry in the conventional sense, as we think of the electrical manufacturing industry, or the steel industry. He was referring to the broad category of activity which encompasses the generation and transfer of information. Education, both academic and industrial, occupied a large segment of his classification. Research and development activities were included, as were publishing and printing, communications, computers, professional and financial services, and Government.

In the field of education, alone, the figures reveal the extraordinary size of the undertaking. At the present time, there are about 53 million Americans enrolled in formal educational institutions, from kindergarten to graduate study. This comes to more than one out of every four people in the country. Unless you've recently paid your school tax, or a tuition bill, this must come as a surprising statistic. But by 1980, there will probably be about 70 million people in schools in America. If this doesn't look like a growth industry, then I've never seen one. And it is a growth industry in more ways than one. The knowledge industry is going up in volume, of course. But the product itself -- knowledgeable people -- represents a capital investment that will bring rich dividends to society throughout all of their productive years.

It is for this reason that President Johnson has made education the central core of his program to meet the needs of modern America. Earlier this year, when he spoke to the White House Conference on Education, he said, "Education will not cure all the problems of society, but without it, no cure for any problem is possible."

It is interesting to recall that the United States has been sometimes pictured, in various part of the world, as a nation dominated by materialistic values, yet now, we appear to be turning into a nation of scholars, at least in the sense that we are making determined efforts to provide adequate teaching, physical facilities and financial support for the people who have the will and the interest to continue their studies.

In the context of modern American Society, rise of education means that we are becoming a nation where knowledge is our most precious commodity, where knowledge helps us achieve our material and our humanitarian objectives -- a society in which ignorance and illiteracy have no part -- a society in which those deprived of the opportunity for education are effectively deprived of the opportunity to participate in all phases of national life.

It is not an overstatement to say that our destiny as a nation is heavily dependent on the production and distribution of knowledge. Let us examine just one measure of success -- the national economy. There is simply no way to explain the outstanding accomplishments of the economy in recent decades without including the consideration of increased knowledge, whether it is scientific research and development, or more highly skilled workers.

The results speak for themselves. We are now in the 56th month of the current economic expansion, the longest peacetime growth period in history. Gross National Product went up $11 billion in the third quarter of this year. Plant and equipment expenditures this year should show a gain of 13 per cent over 1964, and these figures represent high-octane fuel for our economic machine.

Total employment holds at high levels. Unemployment is at the lowest rate in 8 years. Corporate profits and weekly wages for manufacturing production workers are both at record levels. And with all of these impressive figures, prices, which are the true indicators of real gains, are holding relatively steady.

It's always a pleasant chore to recognize the source of such an economic achievement, instead of wondering who's to blame. In all honesty, I think that the credit must be widely attributed. Part of the credit belongs not to a group, or a policy, or any individual. Part of it is a reflection of better knowledge: scientific, technical, managerial, trade, economic, and, if I may be so immodest as to mention it, better knowledge on the part of Government. You can call it the "new economics" or you may prefer to refer to it as "uncommon common sense," but the fact is indisputable that emotional attitudes and stereotyped thinking have now given way to rational analysis and a solid background of knowledge.

The role of knowledge in our national life is exemplified to a high degree here in Schenectady. The long and proud history of this area, and its hopes and plans for the future, are not based on the local availability of raw materials. You draw materials from all parts of the world. Your hopes do not lie in low wage rates. Schenectady workers are well paid, by national standards, in a country with the highest standard of living in the world. Your plans do not rely on close access to the markets you serve. Schenectady products compete in markets in all corners of the globe.

One might well ask then - what is the basis for your optimism? And make no mistake about it, I believe your optimism is justified. The answer, as I see it, comes in two parts. First, there is a spirit of cooperation, a will to win, on the part of all elements in your community: labor, management, local government, civic groups, education -- everyone who has a stake in the future of Schenectady. I don't know any way to quantify this factor. I suppose we could ask the National Bureau of Standards to try to establish a standard morale meter. But I do know that without this spirit of cooperation, this will to win, your efforts would be doomed to failure from the outset.

The second element in your formula for success has deep roots in the history of American technology and in American industrial development. These roots, originally, came out of the soil of Europe. Charles Steinmetz, born in Europe just 100 years ago, symbolizes the fusion of science and technology, the application of knowledge to human problems and needs. His genius, nurtured in the educational environment of the old world, saw its fullest flowering in the industrial environment of the new world.

In the nineteenth century, America could and did draw upon the science and the scientists of Europe. Now, in the twentieth century, we lead the world in science and technology, and other nations draw upon our know-how. It is gratifying to be the leader, but it also means that we must work harder, for we have no one to copy from, no model to follow. In our leadership role, we find that knowledge is both the raw material and the finished product of our highly sophisticated, technological society.

Here in Schenectady, knowledge, in all of its many forms, will play a leading role in your efforts to make Schenectady competitive. It is a well established fact that American products from low wage industries have not been very successful in competing in the world marketplace. The greatest share of American exports is

in products from industries where the hourly wage rate is well above the national average . Computers, aircraft, electrical equipment are outstanding examples of this trend. All of these products have a high technological content. They are the product of scientific research, imaginative design and development, and the high skills of American workers. These products demonstrate that we can pay high wages, earn a profit for investors, and sell our products in all corners of the globe.

I have a particular interest, arising out of my official duties, in seeing that not only Schenectady, but the entire country remains competitive in the international marketplace. The United States is the greatest trading nation in the world. Last year, our exports gave us a trade surplus over our imports amounting to almost $7 billion.

This is a fantastic achievement, when you consider that we have the highest living standard in the world, and we are selling against products from countries whose costs are much lower than ours. We would never be able to accomplish this if it were not for imaginative marketing ideas, organizational innovations, creative research and design, high standards of quality, and the rising productivity of American industry.

Like so many accomplishments, however, this mark cannot be compared against what other nations are doing, or what we were doing ten years ago. It must be compared against our own needs and goals for today. On that kind of a scorecard, I think we are one or two runs behind, although the ball game is far from over. What we have is the rather anomalous situation of the biggest trade surplus in history, the largest for any nation in the world, and yet we must conclude that it isn't good enough.

For we still run a deficit in our overall international accounts. This deficit represents the difference between what we spend abroad through imports, travel, military and foreign aid, and direct private investment, and what we earn abroad, by exports, income from private investment, and foreign visitors to this country. We've been running a deficit for several years, and it has reached the situation now where we must do something about it in order to maintain confidence in the dollar in the world money markets.

The area offering greatest promise for improvement is exports. I know that I don't have to tell people from Schenectady about the importance of exports. The General Electric Company, from its divisions in this city alone, does business in 40 foreign countries. And General Electric has pioneered in piggyback marketing, whereby its overseas affiliates sell the products of

many other American companies. Imaginative ideas such as this one are exactly what we need to expand our present level of exports.

There is a real community of interest on the part of all of us in the expansion of exports. New jobs are created. Profits increase. Companies are thus able and willing to invest in expanded facilities. The economic life of the local community is put on a sounder basis. The national economy continues its steady expansion. The deficit in our international balance of payments is alleviated. The dollar is maintained as good as gold. I think we can honestly state that this is one goal that is good for everyone: labor, business, Government, the entire nation.

Achieving this goal, however, will take more than good intentions, and much more than luncheon speeches. I have discovered, from working with businessmen around the country on President Johnson's voluntary balance of payments program, that when the problem is explained, everyone is willing and eager to pitch in and get the job done. This has been a most heartening experience for me.

What we need to do now, however, is to enlist the brains, the creative imagination, the ingenuity and the resourcefulness of everyone involved in the process of exports, from the conception of products, through the production process, the marketing and promotion, to the final shipment overseas. We must draw upon the accumulated knowledge of all our people in solving this problem.

Success can't be guaranteed in the conference rooms of Washington and it can't be guaranteed in the board rooms of American business. This program will rise or fall on the basis of the special effort made by someone on the production line, by a person in the design department, by a salesman, a marketing analyst, a distribution specialist, a research and development engineer.

This is the message we must try to get across. The United States, operating in a fiercely aggressive world market, cannot hope to export its way into success with its balance of payments, unless we remain fully competitive. And America cannot remain competitive unless Schenectady and all the other industrial centers of the country are competitive.

The entire nation can take a lesson from your determination and your efforts. We will all be watching you, and I know we will be watching a success story. The spirit I have felt here today cannot lead to any other ending. It is, indeed, the industrial spirit that has paced our every step to progress.

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